APPENDIX 4E

Preliminary Final Report

Year ended 30 June 2015

Name of Entity: Ingenia Communities Group ("INA"), a stapled entity comprising Ingenia Communities Holdings Limited ACN 154 444 925, Ingenia Communities Fund ARSN 107 459 576, and Ingenia Communities Management Trust ARSN 122 928 410.

Current period:	1 July 2014 - 30 June 2015
Previous corresponding period:	1 July 2013 - 30 June 2014

Results for announcement to the market

	2015	2014	Change	Change
	$'000	$'000	$'000	%
Revenues from Continuing operations	76,021	45,784	30,237	66%
Net profit/(loss) from continuing operations attributable to members	25,900	10,948	14,952	137%
Net profit/(loss) for the year attributable to members	25,722	11,518	14,204	123%
Underlying profit from continuing operations	16,802	10,963	5,839	53%
Underlying profit	17,507	11,568	5,939	51%
Net tangible assets per security (cents)	38.7	35.5	3.2	9%
Distributions - (cents)				
Final Distribution	0.70	0.65	0.05	7.7%
Interim Distribution	0.65	0.50	0.15	30.0%
FY15 Final distribution dates				
Ex-dividend date	28 August 2015			
Record date	5 pm, 1 September 2015			
Payment date	16 September 2015			
The Dividend and Distribution Reinvestment Plan is operational for this distribution				

Other significant information and commentary on results
See attached ASX announcement and materials referred to below.

Audit status
The Preliminary Final Report is based on accounts which are in the process of being audited.

For all other information required by Appendix 4E, including a results commentary, please refer to the following documents:

- Operating and financial review
- Preliminary Final Report (“financial report”)
- Results presentation and media release

Tania Betts
Company Secretary

25 August 2015

INGENIA COMMUNITIES HOLDINGS LIMITED

A.C.N. 154 444 925

PRELIMINARY FINAL REPORT

YEAR ENDED 30 JUNE 2015

www.ingeniacommunities.com.au

Registered Office: Level 5, 151 Castlereagh Street, Sydney NSW 2000

Ingenia Communities Holdings Limited
Financial & Associated Reports
Year ended 30 June 2015

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Ingenia Communities Holdings Limited
Preliminary final report
Year ended 30 June 2015

1. OPERATING AND FINANCIAL REVIEW

(a) Ingenia Communities Overview

The Group is an active owner, manager and developer of a diversified portfolio of retirement communities and lifestyle parks across Australia. Its real estate assets are valued at $392.8 million, being 20 lifestyle parks, 31 rental villages and eight deferred management fee villages. The Group is in the ASX 300 with a market capitalisation of approximately $408 million.

The Group's vision is to be a leading Australian provider of affordable long term and short term rental accommodation with a focus on the seniors demographic. The Board is committed to delivering long term earnings and security price growth to securityholders and providing a supportive community environment to both its permanent and short term residents.

(b) Strategy

The Group's strategy is primarily focused on improved operational performance across its portfolio and continued acceleration of development within its lifestyle parks sector. Using a disciplined investment framework, the Group will continue to acquire further lifestyle parks through deployment of the balance of equity funds raised in October 2014 as well as capital recycling, efficient inventory management and sale of completed homes.

The Group finalised its strategic exit from the non-core New Zealand Students portfolio in December 2014 and is in the process of reducing its investment in DMF assets.

A key element to achieving growth is efficient operational and capital management. In February 2015, the Group completed a debt refinance which increased its facility limit to $175.0 million, expanded its lender base, created enhanced flexibility and lowered pricing to an "all in" cost of debt currently of 4.6%. As at 30 June 2015, the facility is drawn to $63.9 million which represents a loan to value ratio ("LVR") of 22.6%, well below our target range of 30-35%. This leaves the Group well positioned to execute on further investment opportunities.

The key immediate business priorities of the Group are:

- Continue building velocity in the delivery and sale of new homes within the Active Lifestyle Estates business;
- Acquire additional lifestyle parks in existing and new market clusters;
- Grow occupancy rates within the Garden Villages portfolio towards a new medium term target of 93%;
- Grow occupancy and average room rates for short term accommodation within Active Lifestyle Estates
- Continue sell down of completed homes within the Settlers portfolio and explore opportunities to recycle capital from Settlers assets into higher cash yielding lifestyle park assets; and
- Focus on growing asset cash yields through operational efficiencies including revenue optimisation and disciplined cost management.

(c) FY15 financial results

FY15 has been a year of significant investment in the Active Lifestyle Estates portfolio, with the focus on building a proven sales and development platform to deliver the forecast development pipeline returns. Management have also remained focused on increasing occupancy within the Garden Villages portfolio, selling down available stock within the Settlers portfolio and recycling capital from low yielding assets as evidenced by the divestment of three underperforming Garden Villages assets in June 2015.

Overall, FY15 has produced an underlying profit of $17.5 million and a statutory profit of $25.7 million, which respectively represents a significant increase of $5.9 million (51.3%) and $14.2 million (123.3%) on prior year. These results are underpinned by a significantly higher contribution from the Active Lifestyle Estates of $8.4 million, up 112.5% from prior year.

Operating cashflow for the year was $9.0 million, down 36.6% from the prior year, reflecting growth in recurring rental income offset by increased investment in manufactured home production.

Ingenia Communities Holdings Limited
Preliminary final report
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1. OPERATING AND FINANCIAL REVIEW (continued)

(c) FY15 financial results (continued)

In October 2014, the Group raised $89.1 million from an institutional placement and rights issue, which with available debt facilities provided capacity to invest approximately $120 million into the lifestyle parks sector. Over the year the Group invested an additional $71.1 million (excluding transaction costs) into lifestyle parks acquiring a further five assets. To date, $87.0 million has been deployed into six assets with a further acquisition announced in August. Several acquisition opportunities are under exclusivity, due diligence or advanced price discovery.

The Group has today announced a final distribution of 0.70 cents, which brings the full year distribution to 1.35 cents. The dividend reinvestment plan will be available to securityholders and Board reaffirms its commitment to further growth in securityholder returns over the medium term.

(d) Key metrics

- Full year distribution of 1.35 cents per security, up 17.4%.
- Underlying profit was $17.5 million, up 51.3% from FY14.
- Underlying profit per security was 2.1 cents, up 0.3 cents from FY14.
- Net asset value grew by 3.4 cents per security to 38.9 cents.
- Statutory profit was $25.7 million, up 123.3% million from FY14.
- Statutory profit per security was 3.2 cents, up 1.5 cents from FY14.

(e) Group results summary

Underlying profit for the financial year has been calculated as follows:

	2015 $'000	2014 $'000
EBIT - continuing operations	18,050	12,144
Net interest expense	(4,567)	(4,077)
Tax benefit associated to underlying profit	3,319	2,896
Underlying profit - continuing operations	16,802	10,963
Underlying profit – discontinued operations	705	605
Underlying profit	17,507	11,568
Net foreign exchange gain/(loss)	111	(147)
Net loss on disposal of investment properties	(69)	-
Net gain/(loss) on change in fair value of:		
Investment properties	16,404	(341)
Derivatives	164	41
Retirement village resident loans	(8,878)	(616)
Gain on revaluation of newly constructed retirement villages	(2,422)	(3,320)
Other	503	-
Discontinued operations (below underlying profit), net of tax	(883)	(35)
Tax benefit associated with items below underlying profit	3,285	4,368
Statutory profit	25,722	11,518

Underlying Profit is a non-IFRS measure designed to present, in the opinion of the Directors, the results from the on-going operating activities in a way that appropriately reflects underlying performance. Underlying profit excludes items such as unrealised fair value gains/(losses) and adjustments arising from the effect of revaluing assets/liabilities (such as derivatives and investment properties). These items are required to be included in Statutory Profit in accordance with Australian Accounting Standards.

Ingenia Communities Holdings Limited
Preliminary final report
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1. OPERATING AND FINANCIAL REVIEW (continued)

(f) Segment performance and priorities

Active Lifestyle Estates

Active Lifestyle Estates was launched in March 2013 and the Group now owns 20 lifestyle parks. This business is the key focus of growth for the Group as it provides an affordable yield focused housing alternative for seniors and short-term residents with a capital light, low risk development cycle. The carrying value of these assets at 30 June 2015 is $204.2 million.

(i) **Performance**

Active Lifestyle Estates	FY15	FY14	Change
New and refurbished home settlements #	56	15	41
Development profit $m	$5.7m	$1.3m	$4.4m
Permanent rental income $m	$8.3m	$4.2m	$4.1m
Annuals rental income $m	$ 1.0m	$0.3m	$0.7m
Short-term rental income $m	$10.3m	$5.0m	$5.3m
EBIT contribution	$8.4m	$3.9m	$4.4m

Active Lifestyle Estates delivered an EBIT contribution of $8.4 million in FY15, of which $5.7 million was attributable to development of new and refurbished manufactured homes. The momentum achieved in settlements during FY15 has been strong and indicates a growing customer awareness and understanding of the lifestyle offering within our parks. Our two key manufactured home builders have performed well under the supplier agreements established this year and further council approvals has seen an increase in the volume of development ready approved sites. The rental accommodation earnings of this segment have grown strongly both through acquisitions and improved performance from the short term tourism rental accommodation, despite taking some short term sites off line to facilitate development. This strong result reflects investment in a sales and development framework for new homes which is well progressed with further refinements expected in FY16. We remain confident of building on this strong result during the coming financial year.

(ii) **Strategic priorities**

The key strategic priorities for this business are continuing the sales and settlement momentum achieved during FY15, securing further development approvals for new homes within our existing parks, optimising home designs for efficiency and customer demand, growing rental returns and leveraging scale efficiencies. In FY16, the Group will assess expanding into greenfield development.

Garden Villages

Garden Villages comprises 31 rental villages located across the eastern seaboard and Western Australia. These villages accommodate more than 1,600 residents, and generate $24.4 million in gross rental income per annum. The carrying value of these assets at 30 June 2015 is $125.7 million.

(i) **Performance metrics**

Garden Villages	FY15	FY14	Change
Like for like occupancy %	90.7%	87.9%	2.8%
Rental income $m	$24.4m	$21.0m	$3.4m
Catering income $m	$3.5m	$3.2m	$0.3m
EBIT $m	$11.0m	$9.9m	$1.1m

Garden Villages delivers a consistent stream of recurring cash income for the Group. The results are up $1.1 million on prior year due to growing occupancy levels which are up 2.8% on a like for like basis.

In June 2015, three ‘out of cluster’, management intensive villages were divested for $6.7 million. Two of these villages were owned by Ingenia for eighteen months and were sold at 14% above their purchase price.

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Year ended 30 June 2015

1. OPERATING AND FINANCIAL REVIEW (continued)

(f) Segment performance and priorities (continued)

Garden Villages (continued)

(ii) **Strategic priorities**

The key strategic priorities of this business over the coming year are to continue increasing village occupancy, increasing rents above CPI, growing cash margins, ensuring residents are actively engaged and maintaining affordability whilst leveraging scale efficiencies across the portfolio.

Settlers Lifestyle

Settlers Lifestyle is comprised of eight deferred management fee villages, four of which are being converted from the rental to deferred management fee model. These villages are located in Queensland, New South Wales and Western Australia and accommodate more than 800 residents generating income from accrued deferred management fees, rental income from villages which are not yet fully converted and development income from unit conversions and village expansion. The carrying value of these assets at 30 June 2015, net of resident loans and lease liabilities is $62.9 million. The Group is exploring opportunities of reducing its exposure to this portfolio with five assets classified as held for sale at 30 June 2015.

(i) **Performance**

Settlers Lifestyle	FY15	FY14	Change
Occupancy %	93%	92%	1%
New unit settlements #	43	57	(14)
Development income $m	$2.4m	$3.3m	($0.9m)
Accrued deferred management fee income $m	$6.8m	$5.3m	$1.5m
EBIT $m	$6.3m	$4.5m	$1.8m

The Settlers Lifestyle result is up $1.8 million from prior year despite lower settlement volumes and development margins as a result of several development projects nearing completion. These lower development earnings were offset by significant growth in Ingenia's share of capital growth in the underlying units and winding down of sales and marketing efforts on near complete projects.

(ii) **Strategic priorities**

The key strategic priorities of this business over the coming year are completing the sale of the five assets classified as held for sale along with selling down any remaining stock across the portfolio. Conditional contracts have been exchanged with a national group for our three Queensland villages and offers are in place for our New South Wales communities in line with book value.

Discontinued operations

The Group completed its exit from the New Zealand Students portfolio in December 2014.

(g) Capital management

The Group adopts a prudent and considered approach to capital management. During the year, the Group strengthened its capital position by undertaking an $89.1 million capital raising and negotiating a new $175.0 million Australian multilateral debt facility; an increase of $45.5 million from the previous facility.

As at 30 June 2015, the current LVR is 22.6%, which is below our target LVR of 30-35%. Once the Group deploys remaining proceeds from the capital raising and debt into further lifestyle parks, the LVR will move towards the lower end of the target range.

Ingenia Communities Holdings Limited
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Year ended 30 June 2015

1. OPERATING AND FINANCIAL REVIEW (continued)

(h) Financial position

The following table provides a summary of the Group's financial position as at 30 June 2015:

$000	30 June 2015	30 Jun 2014	Change
Cash and cash equivalents	15,117	12,894	2,223
Inventories	13,208	2,208	11,000
Investment properties	539,728	498,863	40,865
Assets held for sale	61,598	5,439	56,159
Assets of discontinued operations	-	47,657	(47,657)
Deferred tax asset	6,348	-	6,348
Other assets	9,308	7,863	1,445
Total assets	645,307	574,924	70,383
Borrowings	66,782	98,356	(31,574)
Retirement village resident loans	161,878	190,122	(28,244)
Liabilities held for sale	42,041	-	42,041
Liabilities from discontinued operations	-	30,449	(30,449)
Other liabilities	31,086	15,820	15,266
Total liabilities	301,787	334,747	(32,960)
Net assets/equity	343,520	240,177	103,343

Inventories, up $11.0 million, include 53 completed homes, reflecting the Group's growing investment in the lifestyle sector. Development and sale of new manufactured homes is key to the Group's strategy and as the number of active development projects increases, this balance will grow however at a lesser rate than that in FY15.

Investment properties increased by $40.9 million due to acquisition of five lifestyle parks for $78.2 million (including transaction costs), development expenditure, a $16.4 million fair value uplift offset by divestment of three Garden Villages assets and a $61.6 million reclassification of five Settlers villages to assets held for sale.

Assets and liabilities held for sale relates to five Settlers villages which are currently subject to sale with settlement expected within twelve months.

Assets and liabilities of discontinued operations decreased to nil reflecting the disposal of New Zealand operations in December 2014, in line with the divestment strategy.

Borrowings fell by $31.6 million reflecting application of funds yet to be deployed from the October equity raising and proceeds from the New Zealand Students divestment. Full deployment of these funds is anticipated within the coming months which will see debt levels increase.

Other liabilities increased by $15.3 million due to recognition of deferred consideration associated with some of the lifestyle park acquisitions during the year.

Ingenia Communities Holdings Limited
Preliminary final report
Year ended 30 June 2015

1. OPERATING AND FINANCIAL REVIEW (continued)

(i) Cashflow

$'000	30 June 2015	30 Jun 2014	Change
Operating cashflow	9,034	14,240	(5,206)
Investing cashflow	(24,232)	(126,084)	101,852
Financing cashflow	15,564	89,012	(73,448)
Net change in cash and cash equivalents	366	(22,832)	23,198

Operating cash flow for the Group was $9.0 million reflecting growth recurring rental income contribution from the Active Lifestyle Estates and Garden Villages segments offset by a net cash outflow of $3.6 million associated with the manufactured homes. Over the last year, the Group has significantly ramped up its development activities and launched several projects. The Group has settled 56 homes during the year with a further 53 completed homes and 44 under construction homes included within inventory at June 2015.

(j) Distributions

The following distributions were made during or in respect of the year:

- On 24 February 2015, the directors declared an interim distribution of 0.65 cps (2014: 0.50 cps) amounting to $5,712,537 which was paid on 18 March 2015.

- On 25 August 2015, the directors declared a final distribution of 0.70 cps (2014: 0.65 cps) amounting to $6,205,793, to be paid on 16 September 2015.

The distribution is 71.0% tax deferred and the dividend reinvestment plan will apply to the final distribution.

The Group is committed to continuing to grow distributions in the near term.

(k) Outlook

The Group is well positioned to continue growing its lifestyle parks business with a significant and accretive acquisition pipeline in place and significant debt capacity. Further growth in sales and settlements volumes is expected in FY16 as further projects are launched.

The Group will continue to regularly assess the performance of its existing assets and where appropriate recycle that capital into other opportunities delivering superior returns.

Ingenia Communities Holdings Limited
Preliminary final report
Year ended 30 June 2015

2. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Changes in the state of affairs during the financial year are set out in the various reports in this Preliminary Final Report. Refer to Note 10 of the accompanying financial statements for Assets and liabilities held for sale, Note 14 for Australian investment properties acquired or disposed of during the year, Note 30 for details of Australian debt refinanced and Note 23 for Issued securities.

3. EVENTS SUBSEQUENT TO REPORTING DATE

(a) Performance Quantum Rights vesting

On 1 July 2015, 3,842,000 Performance Quantum Rights ("PQRs") granted to key management personnel ("KMP") in 2012 vested. As a result, 3,842,000 fully paid stapled securities have been issued to the following KMP:

Simon Owen	2,260,000
Tania Betts	791,000
Nicole Fisher	791,000

(b) Acquisition of Upstream Bethania

On 3 July 2015, the Group settled Upstream Bethania, the Group's second Active Lifestyle Estate in Brisbane, complementing Chambers Pines Lifestyle Resort and the Group's existing Garden Villages in the region. The acquisition price was $8.2 million (excluding transaction costs) and was funded from the proceeds of the capital raising in October 2014.

This park, now known as Active Lifestyle Estate Bethania, is an existing manufactured home community outside Brisbane and represents a significant development opportunity that will grow the Group's existing rental stream.

(c) Execution of Hedging Contract

On 31 July 2015, the Group entered into an interest rate hedge collar for $16.0 million with an expiry date of August 2017. The execution of this hedge means 23.2% of the Group's debt is currently hedged with the intention to gradually increase the hedged exposure over the coming months.

(d) Acquisition of Big 4 Conjola Lakeside

On 13 August 2015, the Group announced it had exchanged unconditional contracts for the acquisition of Big 4 Conjola Lakeside in Lake Conjola, NSW. The acquisition price is $24.0 million (excluding transaction costs) and will be funded from the proceeds of the capital raising in October 2014.

(e) Final FY15 distribution

On 25 August 2015, the directors of the Group resolved to declare a final distribution of 0.70 cps (2014: 0.65 cps) amounting to $6,205,793 to be paid as 16 September 2015. The distribution is 71.0% tax deferred and the dividend reinvestment plan will apply to the final distribution.

4. ROUNDING OF AMOUNTS

Ingenia Communities Group is an entity of the kind referred to in ASIC Class Order 98/100, and in accordance with that Class Order, amounts in the financial report and Director's report have been rounded to the nearest thousand dollars, unless otherwise stated.

Ingenia Communities Holdings Limited
Consolidated statement of comprehensive income
Year ended 30 June 2015

	Note	2015 $'000	2014 $'000
Continuing Operations			
Revenue			
Rental income	5(a)	44,984	31,643
Accrued deferred management fee income	19(b)	6,788	5,333
Manufactured home sales		14,937	3,442
Catering income		3,538	3,178
Other property income	5(b)	3,235	1,819
Service station sales		2,359	-
Interest income		180	369
		76,021	45,784
Property expenses		(18,024)	(11,613)
Employee expenses		(21,230)	(15,341)
Administration expenses		(4,880)	(4,160)
Operational, marketing and selling expenses		(3,931)	(3,136)
Cost of manufactured homes sold		(9,256)	(2,130)
Service station expenses		(1,910)	-
Finance expenses	6	(4,747)	(4,446)
Net foreign exchange gain/(loss)		111	(147)
Net loss on disposal of investment properties		(69)	-
Net gain/(loss) on change in fair value of:			
Investment properties		16,404	(341)
Derivatives		164	41
Retirement village resident loans	19(b)	(8,878)	(616)
Depreciation and amortisation expense	15, 16	(479)	(211)
Profit from continuing operations before income tax		19,296	3,684
Income tax benefit	7	6,604	7,264
Profit from continuing operations		25,900	10,948
Profit/(loss) from discontinued operations	8	(178)	570
Net profit for the year		25,722	11,518
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences arising during the year	24	1,339	269
Release of foreign currency translation reserve on disposal of foreign operations	24	(2,374)	-
Total comprehensive income for the year, net of tax		24,687	11,787

Ingenia Communities Holdings Limited
Consolidated statement of comprehensive income (continued)
Year ended 30 June 2015

	2015 $'000	2014 $'000
Profit/(loss) attributable to securityholders of:		
Ingenia Communities Holdings Limited	(850)	(2,736)
Ingenia Communities Fund	31,039	15,313
Ingenia Communities Management Trust	(4,467)	(1,059)
	25,722	11,518
Total comprehensive income attributable to securityholders of:		
Ingenia Communities Holdings Limited	(1,942)	(2,736)
Ingenia Communities Fund	31,265	15,533
Ingenia Communities Management Trust	(4,636)	(1,010)
	24,687	11,787

	Note	2015 Cents	2014 Cents
Distributions per security[1]		1.3	1.0
Earnings per security:			
Basic earnings from continuing operations			
Per security	4	3.2	1.7
Per security attributable to parent	4	(0.2)	(0.4)
Basic earnings			
Per security	4	3.1	1.8
Per security attributable to parent	4	(0.2)	(0.4)
Diluted earnings from continuing operations			
Per security	4	2.0	1.7
Per security attributable to parent	4	(0.2)	(0.4)
Diluted earnings			
Per security	4	2.0	1.8
Per security attributable to parent	4	-	(0.4)

(1) Distributions relate to the amount paid during the financial year. Subsequent to the end of the year, a final distribution was declared for 0.70 cents for a total full year distribution of 1.35 cents.

Ingenia Communities Holdings Limited
Consolidated balance sheet
As at 30 June 2015

	Note	2015 $'000	2014 $'000
Current assets			
Cash and cash equivalents	11	15,117	12,894
Trade and other receivables	12	4,327	3,745
Inventories	13	13,208	2,208
Income tax receivable		33	960
Assets held for sale	10(a)	61,598	5,439
Assets of discontinued operations	8(e)	-	47,657
Total current assets		94,283	72,903
Non-current assets			
Trade and other receivables	12	2,649	2,168
Investment properties	14	539,728	498,863
Plant and equipment	15	720	517
Intangibles	16	1,579	473
Deferred tax asset	22	6,348	-
Total non-current assets		551,024	502,021
Total assets		645,307	574,924
Current liabilities			
Trade and other payables	17	15,073	10,409
Borrowings	18	291	283
Retirement village resident loans	19	161,878	190,122
Provisions	20	992	718
Derivatives	21	3	84
Liabilities held for sale	10(b)	42,041	-
Liabilities of discontinued operations	8(e)	-	30,449
Total current liabilities		220,278	232,065
Non-current liabilities			
Trade and other payables	17	14,770	4,000
Borrowings	18	66,491	98,073
Provisions	20	248	249
Derivatives	21	-	84
Deferred tax liabilities	22	-	276
Total non-current liabilities		81,509	102,682
Total liabilities		301,787	334,747
Net assets		343,520	240,177
Equity			
Issued securities	23	657,214	569,116
Reserves	24	1,334	2,023
Accumulated losses	25	(315,028)	(330,962)
Total equity		343,520	240,177
Attributable to securityholders of:			
Ingenia Communities Holdings Limited			
Issued securities	23	8,900	7,377
Reserves	24	1,334	988
Accumulated losses	25	(3,175)	(2,659)
		7,059	5,706
Ingenia Communities Fund		315,951	224,254
Ingenia Communities Management Trust		20,510	10,217
		343,520	240,177
Net asset value per security (cents)		38.9	35.5

Ingenia Communities Holdings Limited
Consolidated cash flow statement
Year ended 30 June 2015

	Note	2015 $'000	2014 $'000
Cash flows from operating activities			
Rental and other property income		58,085	43,274
Payment of management fees		-	(29)
Property and other expenses		(51,225)	(34,847)
Proceeds from resident loans	19(b)	19,815	22,021
Repayment of resident loans	19(b)	(10,544)	(10,361)
Proceeds from sale of manufactured homes		15,736	3,511
Purchase of manufactured homes		(19,358)	(4,035)
Proceeds from sale of service station inventory		2,359	-
Purchase of service station inventory		(1,936)	-
Distributions received from formerly equity accounted investments		-	301
Interest received		198	358
Borrowing costs paid		(4,902)	(5,811)
Income tax received/(paid)		806	(142)
	36	9,034	14,240
Cash flows from investing activities			
Purchase and additions of plant and equipment		(446)	(57)
Purchase and additions of intangibles		(1,371)	(386)
Payments for investment properties		(64,423)	(113,255)
Additions to investment properties		(14,112)	(18,724)
Proceeds from sale of investment properties		56,161	1,200
Proceeds from sale of equity accounted investments		(209)	5,811
Amounts received from/(advanced to) villages		168	72
Payments for lease arrangements		-	(745)
		(24,232)	(126,084)
Cash flows from financing activities			
Proceeds from issue of stapled securities		91,968	61,707
Payments for security issue costs		(3,870)	(2,771)
Payments for derivatives		(444)	-
Finance lease payments		(126)	(81)
Distributions to securityholders		(10,105)	(5,885)
Payments for debt issue costs		(1,867)	(216)
Proceeds from borrowings		65,205	104,258
Repayment of borrowings		(125,197)	(68,000)
		15,564	89,012
Net increase/(decrease) in cash and cash equivalents		366	(22,832)
Cash and cash equivalents at the beginning of the year		14,551	37,550
Effects of exchange rate fluctuation on cash held		200	(167)
Cash and cash equivalents at the end of the year	11	15,117	14,551

Ingenia Communities Holdings Limited
Consolidated statement of changes in equity
Year ended 30 June 2015

		ATTRIBUTABLE TO SECURITYHOLDERS					
		INGENIA COMMUNITIES HOLDINGS LIMITED				ICF and ICMT	Total equity
		Issued capital	Reserves	Retained earnings	Total		
	Note	$'000	$'000	$'000	$'000	$'000	$'000
Carrying amount at 1 July 2013		**6,078**	**308**	**77**	**6,463**	**168,189**	**174,652**
Net profit/(loss) for the year		-	-	(2,736)	(2,736)	14,254	**11,518**
Other comprehensive income		-	-	-	-	269	**269**
Total comprehensive income for the year		**-**	**-**	**(2,736)**	**(2,736)**	**14,523**	**11,787**
Transactions with securityholders in their capacity as securityholders:							
Issue of securities	23	1,299	-	-	1,299	57,676	**58,975**
Share-based payment transactions	24	-	680	-	680	-	**680**
Payment of distributions to securityholders	25	-	-	-	-	(5,917)	**(5,917)**
Carrying amount at 30 June 2014		**7,377**	**988**	**(2,659)**	**5,706**	**234,471**	**240,177**
Net profit/(loss) for the year		-	-	(850)	(850)	26,572	**25,722**
Other comprehensive income		-	-	-	-	(1,035)	**(1,035)**
Total comprehensive income for the year		**-**	**-**	**(850)**	**(850)**	**25,537**	**24,687**
Transactions with securityholders in their capacity as securityholders:							
Issue of securities	23	1,523	-	-	1,523	86,575	**88,098**
Share-based payment transactions	24	-	678	-	678	-	**678**
Payment of distributions to securityholders	25	-	-	-	-	(10,120)	**(10,120)**
Transfer from reserves to retained earnings		-	(332)	332	-	-	**-**
Carrying amount at 30 June 2015		**8,900**	**1,334**	**(3,177)**	**7,057**	**336,463**	**343,520**

Ingenia Communities Holdings Limited
Notes to the financial statements
Year ended 30 June 2015

1. Summary of significant accounting policies

(a) The Group

The financial report of Ingenia Communities Holdings Limited (the "Company") comprises the consolidated financial report of the Company and its controlled entities, including Ingenia Communities Fund ("ICF" or the "Fund") and Ingenia Communities Management Trust ("ICMT") (collectively, the "Trusts"). The shares of the Company are "stapled" with the units of the Trusts and trade on the Australian Securities Exchange ("ASX") effectively as one security. Ingenia Communities RE Limited ("ICRE"), a wholly owned subsidiary of the Company, is the Responsible Entity of the Trusts. In this report, the Company and the Trusts are referred to collectively as the Group.

The constitutions of the Company and the Trusts require that, for as long as they remain jointly quoted on the ASX, the number of shares in the Company and of units in each trust shall remain equal and those securityholders in the Company and unitholders in each trust shall be identical.

The stapling structure will cease to operate on the first to occur of:

- the Company or either of the Trusts resolving by special resolution in accordance with its constitution to terminate the stapling provisions; or
- the commencement of the winding up of the Company or either of the Trusts.

The financial report as at and for the year ended 30 June 2015 was authorised for issue by the directors on 25 August 2015.

(b) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Australian Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASBs") and the *Corporations Act 2001*.

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

As permitted by Class Order 05/642, issued by the Australian Securities and Investments Commission, the financial statements and accompanying notes of the Group have been presented in the attached combined financial report.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated.

The financial report is prepared on an historical cost basis, except for investment properties, retirement village resident loans and derivative financial instruments, which are measured at fair value.

At 30 June 2015, the Group recorded a net current asset deficiency of $125,995,000. This deficiency includes retirement village resident loans of $161,878,000 and liabilities held for sale of $42,041,000. Resident loans obligations of the Group are classified as current liabilities due to the demand feature of these obligations despite the unlikely possibility that the majority of the loans will be settled within the next twelve months. Furthermore, if required, the proceeds from new resident loans could be used by the Group to settle its existing loan obligations should those incumbent residents vacate their units. Accordingly, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and the financial report of the Group has been prepared on a going concern basis.

Ingenia Communities Holdings Limited
Notes to the financial statements
Year ended 30 June 2015

1. Summary of significant accounting policies (continued)

(c) Adoption of new and revised accounting standards

The Group has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current period including AASB 2012-3 *Offsetting Financial Assets and Financial Liabilities*.

The impact of application of the Standard is as follows:

Accounting Standard	Impact on the Group
AASB 2012-3	This amendment clarifies that the right of set off must be available today and must be legally enforceable in the normal course of business as well as in the event of default, insolvency or bankruptcy. The application of this Standard did not have any impact on the Group as retirement village loans are already offset.

(d) Principles of consolidation

The Group's consolidated financial statements comprise the Company and its subsidiaries (including the Trusts). Subsidiaries are all those entities (including special purpose entities) over which the Company or the Trusts have the power to govern the financial and operating policies so as to obtain benefits from their activities.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies. Inter-company balances and transactions including dividends and unrealised gains and losses from intra-group transactions have been eliminated.

Subsidiaries are consolidated from the date on which the parent obtains control. They are de-consolidated from the date that control ceases.

Investments in subsidiaries are carried at cost in the parent's financial statements.

The Company was incorporated on 24 November 2011. In accordance with Accounting Standard AASB 3 *Business Combinations*, the stapling of the Company and the Trusts was regarded as a business combination. Under AASB 3, the stapling was accounted for as a reverse acquisition with ICF "acquiring" the Company and the Company subsequently being identified as the ongoing parent for preparing consolidated financial reports. Consequently, the consolidated financial statements are a continuation of the financial statements of the Trusts, and include the results of the Company from the date of incorporation.

(e) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in other expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

1. Summary of significant accounting policies (continued)

(e) Business combinations and goodwill (continued)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

(f) Discontinued operations and assets held for sale

The Group has classified certain components as discontinued operations. A discontinued operation is a component of the entity that has been disposed of, or is classified as held for sale, and that represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of such a line of business or area of operations. The results of discontinued operations are presented separately on the face of the income statement.

Components of the entity are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as investment property, which are carried at fair value.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets classified as held for sale, and the assets of a disposal group classified as held for sale, are presented separately from the other assets on the face of the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities on the face of the balance sheet.

Details of discontinued operations and assets and liabilities held for sale are given at Notes 8 and 10.

(g) Dividends and distributions

A liability for any dividend or distribution declared on or before the end of the reporting period is recognised on the balance sheet in the reporting period to which the dividend or distribution pertains.

(h) Foreign currency

(i) Functional and presentation currencies

The presentation currency of the Group, and functional currency of the Company, is the Australian dollar.

(ii) Translation of foreign currency transactions

Transactions in foreign currency are initially recorded in the functional currency at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are retranslated at the rate of exchange prevailing at the balance date. All differences in the consolidated financial report are taken to the income statement with the exception of differences on foreign currency borrowings designated as a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment at which time they are recognised in the income statement.

A non-monetary item that is measured at fair value in a foreign currency is translated using the exchange rates at the date when the fair value was determined.

(iii) Translation of financial statements of foreign subsidiaries

The functional currency of certain subsidiaries is not the Australian dollar. At reporting date, the assets and liabilities of these entities are translated into the presentation currency of the Group at the rate of exchange prevailing at balance date. Financial performance is translated at the average exchange rate prevailing during the reporting period. The exchange differences arising on translation are taken directly to the foreign currency translation reserve in equity.

Ingenia Communities Holdings Limited
Notes to the financial statements
Year ended 30 June 2015

1. Summary of significant accounting policies (continued)

(h) Foreign currency (continued)

(iii) Translation of financial statements of foreign subsidiaries (continued)

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that foreign operation is recognised in the income statement.

(i) Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in the income statement.

Finance leases, which transfer away from the Group substantially all the risks and benefits incidental to ownership of the leased item, are recognised at the inception of the lease. A finance lease receivable is recognised on inception at the present value of the minimum lease receipts. Finance lease receipts are apportioned between the interest income and reduction in the lease receivable to achieve a constant rate of interest on the remaining balance of the receivable. Interest is recognised as income in the income statement.

Leases of properties that are classified as investment properties, are classified as finance leases under AASB 140 *Investment Properties*.

Leases where the lessor retains substantially all the risks and benefits of ownership are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the lease.

(j) Plant and Equipment

Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

(k) Financial assets and liabilities

Current and non-current financial assets and liabilities within the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as fair value through profit or loss; loans and receivables; held-to-maturity investments or as available-for-sale. The Group determines the classification of its financial assets and liabilities at initial recognition with the classification depending on the purpose for which the asset or liability was acquired or issued. Financial assets and liabilities are initially recognised at fair value, plus directly attributable transaction costs unless their classification is at fair value through profit or loss. They are subsequently measured at fair value or amortised cost using the effective interest method. Changes in fair value of available-for-sale financial assets are recorded directly in equity. Changes in fair values of any other financial assets and liabilities classified as at fair value through profit or loss are recorded in the income statement.

The fair values of financial instruments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. For those with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm’s length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models, making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

Ingenia Communities Holdings Limited
Notes to the financial statements
Year ended 30 June 2015

1. Summary of significant accounting policies (continued)

(l) Impairment of non-financial assets

Assets other than investment property and financial assets carried at fair value, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Non-financial assets excluding goodwill which have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(m) Cash and cash equivalents

Cash and cash equivalents in the balance sheet and cash flow statements comprise cash at bank and in hand and short-term deposits that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

(n) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. An allowance for impairment is made when there is objective evidence that collection of the full amount is no longer probable.

(o) Inventories

The Group holds inventory in relation to the acquisition and development of manufactured homes and service station fuel and supplies both within its Active Lifestyle Estates segment.

Inventories are held at the lower of cost and net realisable value.

Costs of inventories comprise all acquisition costs, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventory includes work in progress and raw materials used in the production of manufactured home units.

Net realisable value is determined on the basis of an estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

(p) Derivative financial instruments

The Group uses derivative financial instruments such as foreign currency contracts and interest rate swaps to hedge its risks associated with foreign currency and interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date in which the derivative contract is entered into and are subsequently remeasured to fair value.

(q) Investment property

Land and buildings have the function of an investment and are regarded as composite assets. In accordance with applicable accounting standards, the buildings, including plant and equipment, are not depreciated.

Investment property includes property under construction, tourism cabins and associated amenities.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the period in which they arise, including corresponding tax effect.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market for the asset or liability or in its absence, the most advantageous market. In determining the fair value of assets held for sale, recent market offers have been taken into consideration.

Ingenia Communities Holdings Limited
Notes to the financial statements
Year ended 30 June 2015

1. Summary of significant accounting policies (continued)

(q) Investment property (continued)

It is the Group's policy to have all investment properties independently valued at intervals of not more than two years. It is the policy of the Group to review the fair value of each investment property every six months and to cause investment properties to be revalued to fair values whenever their carrying value materially differs to their fair values.

Changes in the fair value of the investment property are recorded in the statement of comprehensive income.

In determining fair values, the Group considers relevant information including the capitalisation of rental streams using market assessed capitalisation rates, expected net cash flows discounted to their present value using market determined risk adjusted discount rates and other available market data such as recent comparable transactions. The assessment of fair value of investment properties does not take into account potential capital gains tax assessable.

(r) Intangible assets

An intangible asset arising from development expenditure related to software is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during its development. Costs capitalised include external direct costs of materials and service, and direct payroll and payroll related costs of employees' time spent on the project.

Following the initial recognition of expenditure, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when the development is complete and the asset is available for use. Amortisation is over the period of expected future benefit.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination are their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The Group's policy applied to capitalised development costs is as follows:

Software and associated development to capitalised development costs (assets in use)

- Useful life: Finite Amortisation method using 7 years on a straight line basis; and
- Impairment test: Amortisation method reviewed at each financial year end; closing carrying value reviewed annually for indicators of impairment.

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is de-recognised.

(s) Payables

Trade and other payables are carried at amortised cost and due to their short-term nature are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and are recognised when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(t) Provisions, including employee benefits

(i) General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

(ii) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within twelve months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(iii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(u) Retirement village resident loans

These loans, which are repayable on the departure of the resident, are classified as financial liabilities at fair value through profit and loss with resulting fair value adjustments recognised in the income statement. The fair value of the obligation is measured as the ingoing contribution plus the resident's share of capital appreciation to reporting date. Although the expected average residency term is more than ten years, these obligations are classified as current liabilities, as required by Accounting Standards, because the Group does not have an unconditional right to defer settlement to more than twelve months after reporting date.

This liability is stated net of accrued deferred management fees at reporting date, because the Group's contracts with residents require net settlement of those obligations.

Refer to Notes 30(k), 27(j) and 1(aa) for information regarding the valuation of retirement village resident loans.

(v) Borrowings

Borrowings are initially recorded at the fair value of the consideration received less directly attributable transaction costs associated with the borrowings. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest rate method. Under this method fees, costs, discounts and premiums that are yield related are included as part of the carrying amount of the borrowing and amortised over its expected life.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement to more than twelve months after reporting date.

Borrowing costs are expensed as incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. When this is the case, they are capitalised as part of the acquisition cost of that asset.

(w) Issued equity

Issued and paid up securities are recognised at the fair value of the consideration received by the Group. Any transaction costs arising on issue of ordinary securities are recognised directly in equity as a reduction of the security proceeds received.

1. Summary of significant accounting policies (continued)

(x) Revenue

Revenue from rents, interest and distributions is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue brought to account but not received at balance date is recognised as a receivable.

Rental income from operating leases is recognised on a straight-line basis over the lease term. Contingent rentals are recognised as income in the financial year that they are earned. Fixed rental increases that do not represent direct compensation for underlying cost increases or capital expenditures are recognised on a straight-line basis until the next market review date. Rent paid in advance is recognised as unearned income.

Deferred management fee income is calculated as the expected fee to be earned on a resident's ingoing loan, allocated pro-rata over the resident's expected tenure, together with any share of capital appreciation that has occurred at reporting date. Revenue from the sale of manufactured homes within the Active Lifestyle Estate segment is recognised when the significant risks, rewards of ownership and effective control has been transferred to the buyer.

Service station sales revenue represents the revenue earned from the provision of products to external parties. Sales revenue is only recognised when the significant risks and rewards of ownership of the products including possession are passed to the buyer.

Government incentives are recognised where there is reasonable assurance the incentive will be received and all attached conditions will be complied with. When the incentive relates to an expense item, it is recognised as income on a systematic basis over the periods that the incentive is intended to compensate.

Interest income is recognised as the interest accrues using the effective interest rate method.

(y) Share-based payment transactions

Certain senior executives of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions). The Group does not have any cash-settled share-based payment transactions in the financial year.

The cost of equity-settled transactions is recognised, together with a corresponding increase in reserves in equity, over the period in which the performance and service conditions are fulfilled. The cumulative expense recognised for these transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee expenses.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and service conditions are satisfied.

When the terms of an equity-settled transaction are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Ingenia Communities Holdings Limited
Notes to the financial statements
Year ended 30 June 2015

1. Summary of significant accounting policies (continued)

(y) Share-based payment transactions (continued)

When an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding rights is reflected as additional share dilution in the computation of diluted earnings per share.

(z) Income tax

(i) Current income tax

Under the current tax legislation, ICF and its subsidiaries are not liable to pay Australian income tax provided that its taxable income (including any assessable capital gains) is fully distributed to securityholders each year. Tax allowances for building and fixtures depreciation are distributed to securityholders in the form of the tax-deferred component of distributions.

However, the Company, ICMT and their subsidiaries are subject to Australian income tax.

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from, or paid to, the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

The subsidiaries that hold the Group's foreign properties may be subject to corporate income tax and withholding tax in the countries in which they operate. Under current Australian income tax legislation, securityholders may be entitled to receive a foreign tax credit for this withholding tax.

(ii) Deferred income tax

Deferred income tax represents tax (including withholding tax) expected to be payable or recoverable by taxable entities on the differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised through continuing use or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at reporting date. Income taxes related to items recognised directly in equity are recognised in equity and not against income.

(iii) Tax Consolidation

Each of the Company and ICMT and their respective subsidiaries have formed a tax consolidation group with the Company or ICMT being the head entity. The head entity and the controlled entities in the tax consolidation group continue to account for their own current and deferred tax amounts. Each tax consolidated group has applied a group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to the members therein.

In addition to its own current and deferred tax amounts, the head entity of each tax consolidated group also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from entities in their respective tax consolidated group.

Assets of liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Ingenia Communities Holdings Limited
Notes to the financial statements
Year ended 30 June 2015

1. Summary of significant accounting policies (continued)

(aa) Fair value measurement

The Group measures financial instruments, such as derivatives, and non-financial assets, such as investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 30.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of the reporting period.

The Group's Audit and Risk Committee determines the policies and procedures for both recurring fair value measurement, such as investment properties and resident loans and for non-recurring measurement.

External valuers are involved for valuation of significant assets, such as properties and significant liabilities. Selection criteria include market knowledge, experience and qualifications, reputation, independence and whether professional standards are maintained.

On a six monthly basis management presents valuation results to the Audit and Risk Committee and the Group's auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained within Note 30.

(bb) Goods and services tax ("GST")

Revenue, expenses and assets (with the exception of receivables) are recognised net of the amount of GST to the extent that the GST is recoverable from the taxation authority. Where GST is not recoverable, it is recognised as part of the cost of the acquisition, or as an expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from or payable to the tax authority is included in the balance sheet as an asset or liability.

Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from or payable to the tax authorities, are classified as operating cash flows.

Ingenia Communities Holdings Limited
Notes to the financial statements
Year ended 30 June 2015

(cc) Earnings Per Share ("EPS")

Basic EPS is calculated as net profit attributable to members of the Group, divided by the weighted average number of ordinary securities, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to the Group divided by the weighted average number of ordinary securities and dilutive potential ordinary securities, adjusted for any bonus element.

(dd) Pending accounting standards

AASB 9 Financial Instruments is applicable to reporting periods beginning on or after 1 January 2018. The Group has not early adopted this standard. This standard provides requirements for the classification, measurement and de-recognition of financial assets and financial liabilities. Changes in the Group's credit risk, which affect the value of liabilities designated at fair value through profit and loss, can be presented in other comprehensive income. The application of the Standard is not expected to have any material impact on the Group's financial reporting in future periods.

AASB 15 *Revenue from Contracts with Customers* is applicable to reporting periods beginning on or after 1 January 2018. The Group has not early adopted this standard. The standard is based on the principle that revenue is recognised when control of a good or service is transferred to a customer. It contains a single model that applies to contracts with customers and two approaches to recognising revenue; at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. It applies to all contracts with customers except leases, financial instruments and insurance contracts. It requires reporting entities to provide users of financial statement with more informative and relevant disclosures. The application of the Standard is not expected to have any material impact on the Group's financial reporting in future periods.

Other new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for the current reporting period. These are not expected to have any material impact on the Group's financial reporting in future reporting periods.

(ee) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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2. Accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires the Group to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates, by definition, will seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) **Valuation of investment property**

The Group has investment properties and assets held for sale with a carrying amount of $601,326,000 (2014: $504,302,000) (refer Note 10 and Note 14), and retirement village residents' loans and liabilities held for sale with a carrying amount of $203,919,000 (2014: $190,122,000) (refer Note 10 and Note 19), which together represent the estimated fair value of the Group's property business.

These carrying amounts reflect certain assumptions about expected future rentals, rent-free periods, operating costs and appropriate discount and capitalisation rates. The valuation assumptions for deferred management fee villages reflect assumptions relating to average length of stay, unit market values, estimates of capital expenditure, contract terms with residents, discount rates and projected property growth rates. The valuation assumption for properties to be developed reflect assumptions around sales prices for new homes, sales rates, new rental tariffs, estimates of capital expenditure, discount rates and projected property growth rates.

In forming these assumptions, the Group considered information about current and recent sales activity, current market rents, and discount and capitalisation rates, for properties similar to those owned by the Group, as well as independent valuations of the Group's property.

(ii) **Valuation of inventories**

The Group has inventory in the form of manufactured homes and service station fuel and supplies, which it carries at the lower of cost or net realisable value. Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise and the estimate of costs to complete. Key assumptions require the use of management judgement, which are continually reviewed.

(iii) **Fair value of derivatives**

The fair value of derivative assets and liabilities is based on assumptions of future events and involves significant estimates. Given the complex nature of these instruments and various assumptions that are used in calculating mark-to-market values, the Group relies on counterparty valuations for derivative values. The counterparty valuations are usually based on mid-market rates and calculated using the main variables including the forward market curve, time and volatility.

(iv) **Valuation of share-based payments**

Valuation of share-based payment transactions is performed using judgements around the fair value of equity instruments on the date at which they are granted. The fair value is determined using a Monte Carlo based simulation method for long term incentive performance rights and the security price at grant date of short term incentive rights. Refer to Note 28 for assumptions used in determining the fair value.

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2. Accounting estimates and judgements (continued)

(a) Critical accounting estimates and assumptions (continued)

(v) Valuation of assets acquired in business combinations

Upon recognising the acquisition, management uses estimations and assumptions of the fair value of assets and liabilities assumed at the date of acquisition, including judgements related to valuation of investment property as discussed above.

(vi) Valuation of retirement village resident loans

The fair value of the retirement village resident loans is calculated by reference to the initial loan amount plus the resident's share of any capital gains in accordance with their contracts less any deferred management fee income accrued to date by the Group as operator. The key assumption for calculating the capital gain and deferred management fee income components is the value of the dwelling being occupied by the resident. This value is determined by reference to the valuation of investment property as referred to above.

(vii) Calculation of deferred management fee ("DMF")

Deferred management fees are recognised by the Group over the estimated period of time the property will be leased by the resident and the accrued DMF is realised upon exit of the resident. The accrued DMF is based on various inputs including the initial price of the property, estimated length of stay of the resident, various contract terms and projected price of property at time of re-leasing.

(b) Critical judgements in applying the entity's accounting policies

There were no judgements, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies that had a significant effect on the amounts recognised in the financial report.

3. Segment information

(a) Description of segments

The Group invests predominantly in rental properties located in Australia with three reportable segments:

- Garden Villages – rental villages;
- Settlers Lifestyle – deferred management fee villages; and
- Active Lifestyle Estates – comprising long-term and short-term accommodation within lifestyle parks and the sale of manufactured homes.

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3. Segment information (continued)

The Group has identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision maker in assessing performance and in determining the allocation of resources. Other parts of the Group are neither an operating segment nor part of an operating segment. Assets that do not belong to an operating segment are described below as “unallocated”.

(b) 30 June 2015

	Active Lifestyle Estates $’000	Settlers $’000	Garden Villages $’000	Corporate/ Unallocated $’000	Total $’000
(i) **Segment revenue**					
External segment revenue	38,810	11,132	28,162	159	**78,263**
Interest income	-	-	-	180	**180**
Reclassification of gain on revaluation of newly constructed villages	-	(2,422)	-	-	**(2,422)**
Total revenue	**38,810**	**8,710**	**28,162**	**339**	**76,021**
(ii) **Segment underlying profit**					
External segment revenue	38,810	11,132	28,162	159	**78,263**
Interest income	-	-	-	180	**180**
Property expenses	(7,918)	(1,694)	(8,042)	(370)	**(18,024)**
Employee expenses	(8,514)	(1,786)	(7,450)	(3,480)	**(21,230)**
Administration expenses	(979)	(191)	(959)	(2,751)	**(4,880)**
Operational, marketing and selling expenses	(1,794)	(608)	(591)	(938)	**(3,931)**
Manufactured home cost of sales	(9,256)	-	-	-	**(9,256)**
Service station expenses	(1,910)	-	-	-	**(1,910)**
Finance expense	-	-	-	(4,747)	**(4,747)**
Income tax benefit	-	-	-	3,319	**3,319**
Depreciation and amortisation expense	(113)	(46)	(101)	(219)	**(479)**
Other	-	(503)	-	-	**(503)**
Underlying profit/(loss) – continuing operations	**8,326**	**6,304**	**11,019**	**(8,847)**	**16,802**
Reconciliation of underlying profit to profit from continuing operations:					
Net foreign exchange gain	-	-	-	111	**111**
Net gain/(loss) disposal of investment property	(23)	(365)	319	-	**(69)**
Net gain/(loss) on change in fair value of:					
Investment properties	(2,818)	3,269	15,953	-	**16,404**
Retirement village resident loans	-	(8,878)	-	-	**(8,878)**
Derivatives	-	-	-	164	**164**
Gain on revaluation of newly constructed villages	-	(2,422)	-	-	**(2,422)**
Other	-	503	-	-	**503**
Income tax benefit associated with reconciliation items	-	-	-	3,285	**3,285**
Profit from continuing operations per the consolidated statement of comprehensive income	**5,485**	**(1,589)**	**27,291**	**(5,287)**	**25,900**
(iii) **Segment assets**					
Segment assets	228,329	205,357	129,604	20,419	**583,709**
Assets held for sale					**61,598**
Total assets					**645,307**

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3. Segment information (continued)

(c) 30 June 2014

	Active Lifestyle Estates $'000	Settlers $'000	Garden Villages $'000	Corporate/ Unallocated $'000	Total $'000
(i) **Segment revenue**					
External segment revenue	13,589	10,575	24,571	-	**48,735**
Interest income	-	-	-	369	**369**
Reclassification of gain on revaluation of newly constructed villages	-	(3,320)	-	-	**(3,320)**
Total revenue	**13,589**	**7,255**	**24,571**	**369**	**45,784**
(ii) **Segment underlying profit**					
External segment revenue	13,589	10,575	24,571	-	**48,735**
Interest income	-	-	-	369	**369**
Property expenses	(2,640)	(1,900)	(6,798)	(275)	**(11,613)**
Employee expenses	(4,096)	(2,173)	(6,365)	(2,707)	**(15,341)**
Administration expenses	(384)	(208)	(947)	(2,621)	**(4,160)**
Operational, marketing and selling expenses	(421)	(1,801)	(512)	(402)	**(3,136)**
Manufactured home cost of sales	(2,130)	-	-	-	**(2,130)**
Finance expense	-	-	-	(4,446)	**(4,446)**
Income tax benefit	-	-	-	2,896	**2,896**
Depreciation expense	-	(18)	(49)	(144)	**(211)**
Underlying profit/(loss) – continuing operations	**3,918**	**4,475**	**9,900**	**(7,330)**	**10,963**
Reconciliation of underlying profit to profit from continuing operations:					
Net foreign exchange loss	-	-	-	(147)	**(147)**
Net gain/(loss) on change in fair value of:					
Investment properties	(2,124)	(599)	2,382	-	**(341)**
Derivatives	-	-	-	41	**41**
Retirement village resident loans	-	(616)	-	-	**(616)**
Gain on revaluation of newly constructed villages	-	(3,320)	-	-	**(3,320)**
Income tax benefit associated with reconciliation items	-	-	-	4,368	**4,368**
Profit from continuing operations per the consolidated statement of comprehensive income	**1,794**	**(60)**	**12,282**	**(3,068)**	**10,948**
(iii) **Segment assets**					
Segment assets	130,243	262,498	115,293	13,794	**521,828**
Assets held for sale					**5,439**
Discontinued operations					**47,657**
Total assets					**574,924**

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Notes to the financial statements
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4. Earnings per security[1]

	Note	2015	2014
(a) Per security			
Profit attributable to securityholders ($'000)		25,722	11,518
Profit from continuing operations ($'000)		25,900	10,948
Profit/(loss) from discontinued operations ($'000)		(178)	570
Weighted average number of securities outstanding (thousands):			
Issued securities		821,653	646,603
Dilutive securities			
Performance quantum rights	28	470	2,310
Retention quantum rights		-	1,818
Weighted average number of issued and dilutive potential securities outstanding (thousands)		822,123	650,731
Basic earnings per security from continuing operations (cents)		3.2	1.7
Basic earnings per security from discontinued operations (cents)		(0.2)	0.1
Basic earnings per security (cents)		3.1	1.8
Dilutive earnings per security from continuing operations (cents)		2.0	1.7
Dilutive earnings per security from discontinued operations (cents)		-	0.1
Dilutive earnings per security (cents)		2.0	1.8
(b) Per security attributable to parent			
Profit/(loss) attributable to securityholders ($'000)		(850)	(2,734)
Weighted average number of securities outstanding (thousands):			
Issued securities		821,653	646,603
Dilutive securities			
Performance quantum rights	28	470	2,310
Retention quantum rights		-	1,818
Weighted average number of issued and dilutive potential securities outstanding (thousands)		822,123	650,731
Basic earnings per security (cents)		(0.2)	(0.4)
Dilutive earnings per security (cents)		-	(0.4)

(1) The weighted average number of units on issue for FY14, prior to the rights issue in September 2013, has been adjusted in accordance with AASB 133 *Earnings per Share*.

5. Revenue

	2015 $'000	2014 $'000
(a) Rental income		
Residential rental income - Garden Villages	24,367	21,032
Residential rental income - Settlers Lifestyle	707	1,025
Residential rental income - Active Lifestyle Estates	8,329	4,231
Annuals rental income - Active Lifestyle Estates	1,020	302
Short-term tourism rental income - Active Lifestyle Estates	10,323	4,990
Commercial rental income - Active Lifestyle Estates	238	63
Total rental income	44,984	31,643
(b) Other property income		
Government incentives	301	219
Commissions and administrative fees	758	239
Linen fees	152	170
Land transfer duty refund	-	622
Sundry income	1,222	263
Utility recoveries	802	306
Total other property income	3,235	1,819

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6. Finance expense

	2015 $'000	2014 $'000
Interest paid or payable	4,483	4,189
Finance lease interest paid or payable [(1)]	264	257
Total finance expense	4,747	4,446

(1) Finance lease interest relates to a long term lease with Gosford City Council for the land and facilities of Ettalong Holiday Village and long term Crown leases in relation to One Mile Beach Holiday Park. Refer to Note 18(c).

7. Income tax benefit

	2015 $'000	2014 $'000
(a) Income tax benefit		
Current tax	-	84
Decrease in deferred tax liabilities	6,604	7,180
Income tax benefit	6,604	7,264
(b) Reconciliation between tax expense and pre-tax profit		
Profit before income tax	19,296	3,684
Less amounts not subject to Australian income tax	(31,901)	(14,741)
	(12,605)	(11,057)
Income tax at the Australian tax rate of 30% (2014: 30%)	3,781	3,317
ICMT tax consolidation impact		2,823
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Prior period income tax return true-ups	263	613
Movements in carrying value and tax cost base of investment properties	1,516	1,163
Movements in carrying value and tax cost base of DMF receivables	1,683	(1,232)
Other timing differences	(143)	580
Non deductible expenses	(496)	-
Income tax benefit	6,604	7,264

(c) Tax consolidation

Effective from 1 July 2011, ICH and its Australian domiciled wholly owned subsidiaries formed a tax consolidation group with ICH being the head entity. Under the tax funding agreement the funding of tax within the tax group is based on taxable income as if that entity was not a member of the tax group.

Effective from 1 July 2012, ICMT and its Australian domiciled owned subsidiaries formed a tax consolidation group with ICMT being the head entity. Under the tax funding agreement the funding of tax within the tax group is based on taxable income as if that entity was not a member of the tax group.

Upon entering into the ICMT tax consolidated group, the tax cost bases for certain assets were reset resulting in income tax benefits being recorded. In addition, unrecognised losses incurred by entities within the ICMT tax consolidated group are now available for utilisation by the ICMT tax consolidated group resulting in an additional income tax benefit being recorded during the year ended 30 June 2014.

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Notes to the financial statements
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8. Discontinued Operations

(a) Details of discontinued operations

The Group's investment in its New Zealand Students business has been classified as a discontinued operation since 30 June 2011, which is consistent with the previously announced strategy to focus on transitioning to an actively managed Australian property business. The Group held a 100% interest in three facilities in Wellington, New Zealand that are primarily leased for 15 years to Victoria University of Wellington and Wellington Institute of Technology. The Group completed the sale of these assets in December 2014. Funds remain in New Zealand to facilitate the final stages of exit.

(b) Financial performance

The financial performance of components of the Group disposed of or classified as discontinued operations was:

	2015 $'000	2014 $'000
Revenue	2,182	3,210
Net loss on change in fair value of investment properties	-	(1,630)
Unrealised net foreign exchange gain/(loss)	(1,038)	1,557
Other income	46	-
Expenses	(715)	(1,231)
Interest expense	(799)	(1,633)
Distributions from formerly equity accounted investments	-	274
Disposal costs associated with overseas investments	-	(290)
Profit/(loss) from operating activities before income tax	(324)	257
Income tax expense	(214)	(14)
Profit/(loss) from operating activities	(538)	243
Gain/(loss) on sale of discontinued operations (net of tax)	(2,014)	327
Release of foreign currency translation reserve on disposal of foreign operations	2,374	-
Profit/(loss) from discontinued operations for the year	(178)	570

Profit/(loss) from discontinued operations attributable to the Company for years ended 30 June 2015 and 30 June 2014 is $nil.

(c) Cash flows

The cash flows of components of the Group disposed of or classified as discontinued operations were:

	2015 $'000	2014 $'000
Net cash flow from operating activities	223	1,135
Net cash flows from investing activities:		
(Payments)/proceeds on sale of discontinued operations	43,966	(120)
Additions to investment properties	-	(9,081)
Payments for lease arrangements	(4)	(745)
Net cash flow from financing activities	(45,381)	11,449
Transfer to continuing operations	(461)	-
Net cash flows from discontinued operations	(1,657)	2,638

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8. Discontinued Operations (continued)

(d) Assets and liabilities

The assets and liabilities of components of the Group classified as disposal groups at each reporting date were:

	2015 $'000	2014 $'000
Assets		
Cash and cash equivalents	-	1,657
Trade and other receivables	-	98
Investment properties	-	45,902
Total assets	-	47,657
Liabilities		
Bank overdraft	-	-
Payables	-	368
Borrowings	-	30,081
Total liabilities	-	30,449
Net assets of disposal groups	-	17,208

(e) Capitalisation rate

The weighted average capitalisation rate of the New Zealand Students internal valuation within discontinued operations at 30 June 2014 was 8.6%.

9. Business combinations

On 18 February 2015, Group acquired Active Lifestyle Estates & Holiday Noosa in Tewantin, Queensland, and after considering the accounting treatment for the acquisition of this business combination, the Group has determined the components acquired from the business combination are investment property of $13,648,000, service station inventory of $268,000 and no goodwill.

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10. Assets and liabilities held for sale

(a) Summary of carrying values

The following are the carrying values of assets held for sale:

		2015 $'000	2014 $'000
Deferred management fee receivable - Settlers Lifestyle (1)	Note 19	-	5,439
Investment properties - Settlers Lifestyle(2)		61,598	-
		61,598	5,439

(1) This relates to Settlers Noyea which was sold in July 2014.
(2) These properties are presented as held for sale in view of the intention and expectation of management to sell these properties during the twelve months ended 30 June 2016. These properties have been reclassified from investment property to assets held for sale.

(b) Summary of carrying amounts - loans

The following is a summary of the carrying amounts of the loans associated with investment properties held for sale:

		2015 $'000	2014 $'000
Gross resident loans		44,271	-
Accrued deferred management fee		(2,230)	-
Net resident loans	Note 19	42,041	-

11. Cash and cash equivalents

	2015 $'000	2014 $'000
Cash at bank and in hand	15,117	12,894
Reconciliation to statements of cash flows		
Cash and cash equivalents attributable to:		
Continuing operations - cash at bank	15,117	12,894
Discontinued operations - cash at bank	-	1,657
Cash at the end of the year as per cash flow statement	15,117	14,551

12. Trade and other receivables

	2015 $'000	2014 $'000
Current		
Trade and other receivables	960	1,105
Prepayments and deposits	3,367	2,640
Total current trade and other receivables	4,327	3,745
Non-current		
Other receivables	2,649	2,168

Rental amounts due are typically paid in advance and other amounts due are receivable within 30 days.

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13. Inventories

	2015 $'000	2014 $'000
Current assets		
Manufactured homes	12,875	2,208
Service station fuel and supplies	333	-
Total Inventories	**13,208**	**2,208**

The manufactured homes balance represents 53 completed homes of $8.0 million (2014: nil), 44 homes under construction of $3.8 million (2014: 24 homes of $1.7 million), and 41 site buybacks of $1.1 million (2014: 20 homes of $0.5 million).

14. Investment properties

(a) Summary of carrying amounts

	2015 $'000	2014 $'000
Completed properties	514,125	482,618
Properties under development	25,603	16,245
	539,728	498,863

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14. Investment properties (continued)

(b) Individual valuations and carrying amounts

Property	Date of purchase	Latest external valuation date	Valuation	Carrying amount	
				2015	2014
			$'000	$'000	$'000
Completed properties					
Garden Villages					
Yakamia, Yakamia, WA	Jun 04	Jun 15	4,750	4,750	2,730
Mardross, Albury, NSW	Jun 04	-	-	-	2,400
Seville Grove, Seville Grove, WA	Jun 04	Dec 14	3,200	3,400	3,390
Hertford, Sebastopol, VIC	Jun 04	Jun 14	3,770	3,910	3,770
Carey Park, Bunbury, WA	Jun 04	Jun 15	4,300	4,300	3,520
Jefferis, Bundaberg North, QLD	Jun 04	Jun 15	4,300	4,300	3,480
Claremont, Claremont, TAS	Jun 04	Dec 13	3,320	3,420	3,230
Taloumbi, Coffs Harbour, NSW	Jun 04	Dec 14	4,300	4,500	4,170
Devonport, Devonport, TAS	Jun 04	Dec 14	1,700	1,785	2,100
Wheelers, Dubbo, NSW	Jun 04	Dec 13	3,800	4,680	4,300
Elphinwood, Launceston, TAS	Jun 04	Jun 15	3,750	3,750	2,910
Glenorchy, Glenorchy, TAS	Jun 05	Dec 13	3,160	3,780	3,370
Chatsbury, Goulburn, NSW	Jun 04	Dec 13	2,940	3,760	3,430
Grovedale, Grovedale, VIC	Jun 05	Jun 15	4,700	4,700	4,010
Horsham, Horsham, VIC	Jun 04	Jun 15	3,900	3,900	3,300
Sea Scape, Erskine, WA	Jun 04	Dec 14	4,000	4,330	4,170
Marsden, Marsden, QLD	Jun 05	Dec 14	8,500	8,640	8,380
Coburns, Brookfield, VIC	Jun 04	Dec 14	3,300	3,490	3,290
Brooklyn, Brookfield, VIC	Jun 04	Jun 15	4,100	4,100	3,270
Oxley, Port Macquarie, NSW	Jun 04	Jun 15	4,200	4,200	3,120
Townsend, St Albans Park, VIC	Jun 04	Jun 15	4,400	4,400	3,800
St Albans Park, St Albans Park, VIC	Jun 04	Jun 14	4,140	4,620	4,140
Swan View, Swan View, WA	Jan 06	Dec 14	6,000	6,480	5,990

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14. Investment properties (continued)

Property	Date of purchase	Latest external valuation date	Valuation	Carrying amount	
				2015	2014
			$'000	$'000	$'000
Completed properties (continued)					
Garden Villages (continued)					
Taree, Taree, NSW	Dec 04	Jun 15	3,350	3,350	2,320
Dubbo, Dubbo, NSW	Dec 12	Dec 13	3,290	2,940	2,670
Ocean Grove, Mandurah, WA	Feb 13	Dec 13	3,280	3,290	3,100
Peel River, Tamworth, NSW	Mar 13	Jun 15	4,100	4,100	2,040
Sovereign, Ballarat, VIC	Jun 13	Jun 14	3,100	3,130	3,100
Wagga, Wagga Wagga, NSW	Jun 13	Jun 14	3,930	4,000	3,930
Bathurst, Bathurst, NSW	Jan 14	Jun 15	3,850	3,850	2,580
Launceston, Launceston, TAS	Jan 14	Jun 15	3,300	3,300	2,510
Shepparton, Shepparton, VIC	Jan 14	-	-	-	1,780
Murray River, Mildura, VIC	Jan 14	-	-	-	2,170
Warrnambool, Warrnambool, VIC	Jan 14	Jun 15	2,500	2,500	1,800
				125,655	**114,270**
Settlers Lifestyle					
Forest Lake, Forest Lake, QLD(3)	Nov 05	Jun 13	-	-	14,194
Gladstone, South Gladstone, QLD(3)	Nov 05	Jun 13	-	-	12,534
Gladstone, South Gladstone, QLD - Land(3)	Nov 05	Jun 13	-	-	750
Rockhampton, Rockhampton, QLD(3)	Nov 05	Dec 13	-	-	14,314
Cessnock, Cessnock, NSW(3)	Jun 04	Dec 14	-	-	6,009
Lakeside, Ravenswood, WA	Apr 07	Dec 14	75,672	75,866	77,242
Noyea Riverside, Mt Warren Park, QLD(4)	Apr 07	-	-	-	-(3)
Meadow Springs, Mandurah, WA	Apr 07	Jun 13	17,066	16,648	16,510
Meadow Springs, Mandurah, WA – Land	Apr 07	Jun 13	2,455	2,455	2,455
Ridgewood Rise, Ridgewood, WA	Apr 07	Jun 13	105,104	109,114	103,552
Ridge Estate, Gillieston Heights, NSW(3)	Jul 12	Dec 14	-	-	11,765
				204,083	**259,325**

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Year ended 30 June 2015

14. Investment properties (continued)

Property	Date of purchase	Latest external valuation date	Valuation	Carrying amount	
				2015	2014
			$'000	$'000	$'000
Active Lifestyle Estates					
The Grange, Morisset, NSW	Mar 13	Dec 13	9,400	11,072	10,761
Ettalong Beach, Ettalong Beach, NSW (1)	Apr 13	Dec 13	2,200	5,583	5,811
Albury, Lavington, NSW	Aug 13	Jun 14	1,725	2,275	1,510
Nepean River, Emu Plains, NSW	Aug 13	Jun 14	11,000	13,317	11,000
Mudgee Valley, Mudgee, NSW	Sep 13	Jun 14	4,250	3,662	3,710
Mudgee, Mudgee, NSW	Oct 13	Jun 14	6,393	5,934	6,403
Kingscliff, Kingscliff, NSW	Nov 13	Dec 14	10,500	11,734	10,991
Lake Macquarie, Morisset, NSW	Nov 13	Dec 14	5,010	4,212	5,693
Chain Valley Bay, Chain Valley Bay, NSW	Dec 13	Dec 14	3,700	247	-
One Mile Beach, One Mile, NSW(2)	Dec 13	Dec 14	10,500	12,769	13,349
Hunter Valley, Cessnock, NSW	Feb 14	Dec 14	7,500	7,589	8,282
Wine Country, Cessnock, NSW	Feb 14	Dec 14	1,000	1,000	1,109
Sun Country, Mulwala, NSW	Apr 14	Dec 14	6,610	6,514	6,858
Stoney Creek, Marsden Park, NSW	May 14	Dec 14	14,740	10,940	16,184
Rouse Hill, Rouse Hill, NSW(5)	Jun 14	Jun 15	16,125	16,125	7,362
White Albatross, Nambucca Heads, NSW	Dec 14	Jun 15	25,500	25,500	-
Noosa, Tewantin, QLD	Feb 15	Jun 15	13,000	13,000	-
Chambers Pines, Chambers Flat, QLD	Mar 15	-	-	14,114	-
Mannering Park, Mannering Park, NSW	Apr 15	Jun 15	6,800	6,800	-
Sydney Hills, Dural, NSW	Apr 15	-	-	12,000	-
				184,387	**109,023**
Total completed properties				**514,125**	**482,618**

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Notes to the financial statements
Year ended 30 June 2015

14. Investment properties (continued)

Property	Date of purchase	Carrying amount	
		2015 $'000	2014 $'000
Properties to be developed			
Active Lifestyle Estates			
The Grange, Morisset, NSW	Mar 13	1,291	1,387
Ettalong Beach, Ettalong Beach, NSW[(1)]	Apr 13	-	310
Albury, Lavington, NSW	Aug 13	1,993	490
Nepean River, Emu Plains, NSW	Aug 13	-	-
Mudgee Valley, Mudgee, NSW	Sep 13	775	797
Mudgee, Mudgee, NSW	Oct 13	430	540
Kingscliff, Kingscliff, NSW	Nov 13	444	520
Lake Macquarie, Morisset, NSW	Nov 13	3,279	1,990
Chain Valley Bay, Chain Valley Bay, NSW	Dec 13	3,700	4,045
One Mile Beach, One Mile, NSW[(2)]	Dec 13	-	-
Hunter Valley, Cessnock, NSW	Feb 14	2,133	1,500
Wine Country, Cessnock, NSW	Feb 14	556	556
Sun Country, Mulwala, NSW	Apr 14	1,300	850
Stoney Creek, Marsden Park, NSW	May 14	7,064	3,260
Chambers Pines, Chambers Flat, QLD	Mar 15	2,638	-
Properties to be developed		**25,603**	**16,245**
Total investment properties		**539,728**	**498,863**

(1) Ettalong Beach Holiday Village land component is leased from the Gosford City Council and is recognised as investment property with an associated finance lease.
(2) One Mile Beach land component is leased from the Crown under 40 year and perpetual leases and is recognised as investment property with an associated finance lease.
(3) Classified as assets held for sale at 30 June 2015.
(4) Classified as assets held for sale at 30 June 2014.
(5) Rouse Hill has been independently valued at 30 June 2015 on a highest and best use basis as a medium density residential development.

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Notes to the financial statements
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14. Investment properties (continued)

Investment property that has not been valued by external valuers at reporting date is carried at the Group's estimate of fair value in accordance with the accounting policy detailed at Note 1(q).

Valuations of retirement villages are provided net of residents' loans (after deducting any accrued deferred management fees). For presentation in this note, the external valuations shown are stated before deducting this liability to reflect its separate balance sheet presentation. The carrying amounts include the fair value of units completed since the date of the external valuation.

(c) Movements in carrying amounts

	2015 $'000	2014 $'000
Carrying amount at beginning of year	**498,863**	**370,931**
Acquisitions	78,152	118,303
Expenditure capitalised	14,356	10,336
Sale of units – Strata title	-	(492)
Transferred from plant and equipment	(6,290)	320
Transferred to inventory	(159)	(194)
Net gain/(loss) on change in fair value	16,404	(341)
Transferred to assets held for sale	(61,598)	-
Carrying amount at end of year	**539,728**	**498,863**

The net change in fair value is recognised in profit or loss as net gain/(loss) on change in fair value of investment properties.

Fair value hierarchy disclosures for investment properties have been provided in Note 31.

(d) Reconciliation of fair value

	Garden Villages $'000	Settlers	Active Lifestyle Estates $'000	Total $'000
Carrying amount at 1 July 2014	114,270	259,325	125,268	**498,863**
Acquisitions	-	320	77,832	**78,152**
Expenditure capitalised	1,739	2,729	9,888	**14,356**
Assets sold	(6,290)	-	-	**(6,290)**
Transferred to inventory	-		(159)	**(159)**
Net gain/(loss) on change in fair value[1]	15,934	3,303	(2,833)	**16,404**
Transferred to assets held for sale	-	(61,598)	-	**(61,598)**
Carrying amount at 30 June 2015	125,653	204,079	209,996	**539,728**

(1) Includes $13,288,000 of transaction costs relating to Active Lifestyle Estates acquisitions written off during the year.

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14. Investment properties (continued)

(e) Description of valuations techniques used and key inputs to valuation on investment properties

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Relationship of unobservable input to fair value
Garden Villages	Capitalisation method	Stabilised occupancy	70% - 100% (92%)	As costs are fixed in nature, occupancy has a direct correlation to valuation (ie. the higher the occupancy, the greater the value).
		Capitalisation rate	9% - 12%	Capitalisation has an inverse relationship to valuation.
Settlers Lifestyle	Discounted cash flow	Current market value per unit	$125,000 - $475,000	Market value and growth in value have a direct correlation to valuation, while length of stay and discount rate have an inverse relationship to valuation.
		Long term property growth rate	4%	
		Average length of stay – future residents	11.4 years	Average length of stay projection is based on life expectancy and other factors.
		Average length of stay – current residents	15.0 - 17.6 years	Parameters exclude assets that are subject to a sale agreement.
		Discount rate	14.5% - 15.0%	Assets that are subject to a sale agreement are carried at fair value.
Active Lifestyle Estates	Capitalisation method (for existing rental streams)	Short-term occupancy	15% - 30% for powered and camp sites; 45% - 70% for tourism and short term rental	Higher the occupancy, the greater the value.
		Residential occupancy	100%	
		Operating profit margin	50% - 70% dependent upon short-term and residential accommodation mix	Higher the profit margin, the greater the value.
		Capitalisation rate	8.2% - 17.5%	Capitalisation has an inverse relationship to valuation.
	Discounted cash flow (for future development)	Discount rate	13% - 16%	Discount rate has an inverse relationship to valuation.

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14. Investment properties (continued)

Capitalisation method

Under the capitalisation method, fair value is estimated using assumptions regarding the expectation of future benefits. The capitalisation method involves estimating the expected income projections of the property and applying a capitalisation rate into perpetuity. The capitalisation rate is based on current market evidence. Future income projections take into account occupancy, rental income and operating expenses.

Discounted cash flow method

Under the discounted cash flow method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield normally reflects the exit value expected to be achieved upon selling the asset and is a function of the risk adjusted returns of the asset and expected capitalisation rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment as well as the development of new units. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net underlying cash flows, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

15. Plant and equipment

	2015 $'000	2014 $'000
(a) Summary of carrying amounts		
Plant and equipment	1,895	1,407
Less: accumulated depreciation	(1,175)	(890)
Total plant and equipment	720	517
(b) Movements in carrying amount		
Carrying amount at beginning of year	517	1,034
Assets written off	(118)	(82)
Transferred to investment property	-	(320)
Transferred to intangibles	-	(473)
Additions	643	569
Depreciation expense	(322)	(211)
Carrying amount at end of year	720	517

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16. Intangibles

	2015 $'000	2014 $'000
(a) Summary of carrying amounts		
Software & development	1,736	473
Less: accumulated amortisation	(157)	-
Total Intangibles	1,579	473
(b) Movements in carrying amount		
Carrying amount at beginning of year	473	-
Assets written off	-	-
Transferred from plant and equipment	-	473
Additions	1,263	-
Amortisation expense	(157)	-
Carrying amount at end of year	1,579	473

17. Trade and other payables

	2015 $'000	2014 $'000
Current liabilities		
Trade payables and accruals	10,047	8,814
Deposits and other unearned income	1,526	1,595
Deferred acquisition consideration	3,500	-
Total current liabilities	15,073	10,409
Non-current liabilities		
Deferred acquisition consideration	14,770	4,000

18. Borrowings

	Note	2015 $'000	2014 $'000
Current liabilities			
Finance leases	18(c)	291	283
Non-current liabilities			
Bank debt	18(a)	63,900	94,000
Prepaid borrowing costs		(1,681)	(312)
Finance leases	18(c)	4,272	4,385
Total non-current borrowings		66,491	98,073

(a) Bank debt

On 13 February 2015, the Group refinanced its Australian dollar denominated bank debt facility to a $175.0 million multi-lateral debt facility with three Australian banks. $100 million of the facility expires on 12 February 2018 with the remainder expiring on 12 February 2020. The facility has the following principal financial covenants:

- Loan to value ratio ("LVR") is less than or equal to 50%;
- LVR (excluding Settlers) is less than or equal to 55%;
- Total interest cover ratio of at least 2x;
- Core interest cover ratio (adjusted to exclude development income and associated costs) of at least 1.50x in financial year ending 2015 increasing to at least 2.0x in FY2016;
- Net debt to adjusted EBITDA ratio not more than 6x up to 30 June 2015, 5.5x up to 31 December 2015, 5x up to 30 June 2016, 4x after 30 June 2016.

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18. Borrowings (continued)

(a) Bank debt (continued)

As at 30 June 2015, the facility has been drawn to $63,900,000 (2014: $94,000,000). The carrying value of investment property net of resident liabilities at reporting date for the Group's Australian properties pledged as security is $363,720,000 (2014: $290,375,000).

(b) Bank guarantees

The Group has the ability to utilise its $175.0 million bank facility to provide bank guarantees. Bank guarantees at 30 June 2015 were $28.8 million (2014: $4.4 million). Refer to Note 27.

(c) Finance leases

On 23 April 2013, the Group was assigned a commercial lease with 16.5 years remaining with the Gosford City Council for land and facilities as part of the Active Lifestyle Estates Ettalong Beach acquisition. The lease is for an initial three years commencing September 2012 with two renewal options of seven years each. The first option period was exercised on 1 July 2015 for seven years to June 2022. The below table is based on the expectation that the last lease option will be exercised.

In December 2013, the Group acquired Active Lifestyles Estates One Mile Beach, accounted for as investment property. Two Crown leases are attached to the land, one for 40 years expiring on 19 September 2031 and one in perpetuity.

(i) **Minimum lease payments – excluding perpetual lease**

	2015 $'000	2014 $'000
Minimum lease payments:		
Within one year	299	292
Later than one year but not later than five years	1,273	1,242
Later than five years	3,431	3,761
Total minimum lease payments	5,003	5,295
Future finance charges	(1,579)	(1,765)
Present value of minimum lease payments	3,424	3,530
Present value of minimum lease payments:		
Within one year	291	283
Later than one year but not later than five years	1,082	1,056
Later than five years	2,051	2,191
	3,424	3,530

(ii) **Minimum lease payments – perpetual lease**

The perpetual lease is recognised as investment property and non-current liability at a value of $1.1 million based on a capitalisation rate applicable at the time of acquisition of 10.6% applied to the current lease payment. Payments each period in relation to the lease are recognised as finance expenses in the statement of comprehensive income, therefore, there is no subsequent change to the originally determined present value of the minimum lease payments as calculated above.

As this is a perpetual lease, the lease liability will not amortise and no fair value adjustments in relation to the lease will be recognised unless circumstances of the lease change. Under the terms of the lease, lease payments will continue into perpetuity. The current annual lease payment is $121,000.

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Year ended 30 June 2015

19. Retirement village resident loans

	Note	2015 $'000	2014 $'000
(a) Summary of carrying amounts			
Gross resident loans		192,898	218,639
Accrued deferred management fee		(31,020)	(28,517)
Net resident loans		161,878	190,122
(b) Movements in carrying amounts			
Carrying amount at beginning of year		190,122	175,703
Net (gain)/loss on change in fair value of resident loans		8,878	616
Accrued deferred management fee income		(6,788)	(5,333)
Deferred management fee cash collected		2,056	1,811
Proceeds from resident loans		19,815	22,021
Repayment of resident loans		(10,544)	(10,361)
Transfer to assets and liabilities held for sale	10	(42,041)	5,439
Other		380	226
Carrying amount at end of year		161,878	190,122

Fair value hierarchy disclosures for retirement village resident loans have been provided in Note 31.

20. Provisions

	2015 $'000	2014 $'000
Current liabilities		
Employee liabilities	992	718
Non-current liabilities		
Employee liabilities	248	249

21. Derivatives

	Note	2015 $'000	2014 $'000
Current liabilities			
Interest rate swap contracts	30	3	84
Non-current liabilities			
Interest rate swap contracts	30	-	84

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22. Deferred tax assets and liabilities

	2015 $'000	2014 $'000
Deferred tax assets		
Tax losses	17,496	-
Other	1,401	-
Deferred tax liabilities		-
DMF receivable	(7,982)	-
Investment properties	(4,567)	-
Net deferred tax asset	6,348	-
Deductible temporary differences and carried forward losses tax effected for which no deferred tax asset has been recognised	7,500	7,488
Deferred tax liabilities		
Tax losses	-	14,228
Other	-	1,081
Deferred tax liabilities	-	
DMF receivable	-	8,176
Investment properties	-	7,409
Net deferred tax liabilities	-	276

The availability of carried forward tax losses of $7.5 million to the ICMT tax consolidated group is subject to recoupment rules at the time of recoupment. Further, the rate at which these losses can be utilised is determined by reference to market values at the time of tax consolidation and subsequent events. Accordingly, a portion of these carried forward tax losses may not be available in the future.

The Group offsets tax assets and liabilities, if and only if, it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

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23. Issued securities

	2015 $'000	2014 $'000
(a) Carrying values		
At beginning of year	569,116	510,141
Issued during the year:		
Dividend Reinvestment Plan issues	2,884	-
Institutional placement	45,315	-
Rights issue	43,769	61,707
Institutional Placement and Rights issue costs	(3,870)	(2,732)
At end of year	657,214	569,116
The closing balance is attributable to the securityholders of:		
Ingenia Communities Holding Limited	8,900	7,377
Ingenia Communities Fund	619,286	547,642
Ingenia Communities Management Trust	29,028	14,097
	657,214	569,116

	2015 Thousands	2014 Thousands
(b) Number of issued securities		
At beginning of year	676,240	507,179
Issued during the year:	-	169,061
Retention Quantum Rights	1,818	-
Dividend Reinvestment Plan	6,674	-
Institutional Placement and Rights Issue	197,968	-
At end of year	882,700	676,240

(c) Terms of securities

All securities are fully paid and rank equally with each other for all purposes. Each security entitles the holder to one vote, in person or by proxy, at a meeting of securityholders.

24. Reserves

	2015 $'000	2014 $'000
Foreign currency translation reserve		
Balance at beginning of year	1,035	766
Translation differences arising during the year	1,339	269
Amounts transferred to profit and loss on disposal of foreign operation	(2,374)	-
Balance at end of year	-	1,035
Share-based payment reserve		
Balance at beginning of year	988	308
Transfer from reserves to retained earnings	(332)	-
Share-based payment transactions	678	680
Balance at end of year	1,334	988
Total reserves at end of year	1,334	2,023
The closing balance is attributable to the securityholders of:		
Ingenia Communities Holding Limited	1,334	988
Ingenia Communities Fund	-	866
Ingenia Communities Management Trust	-	169
	1,334	2,023

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24. Reserves (continued)

The share-based payment reserve records the value of equity-settled share-based payment transactions provided to employees, including key management personnel, as part of their remuneration. Refer Note 28.

The foreign currency translation reserve records exchange differences arising from the translation of the financial statements of foreign subsidiaries.

25. Accumulated losses

	2015 $'000	2014 $'000
Balance at beginning of year	(330,962)	(336,563)
Net profit/(loss) for the year	25,722	11,518
Transfer from reserves to retained earnings	332	-
Distributions	(10,120)	(5,917)
Balance at end of year	(315,028)	(330,962)
The closing balance is attributable to the securityholders of:		
Ingenia Communities Holding Limited	(3,175)	(2,659)
Ingenia Communities Fund	(303,335)	(324,254)
Ingenia Communities Management Trust	(8,518)	(4,049)
	(315,028)	(330,962)

26. Commitments

(a) Capital commitments

There were commitments for capital expenditure on investment property and inventory contracted but not provided for at reporting date of $7,048,000 (2014: $3,266,000).

(b) Operating lease commitments

The Group has two non-cancellable operating leases for its Sydney and Brisbane offices. These leases have remaining lives of six months and five years respectively.

Future minimum rentals payable under these leases as at reporting date were:

	2015 $'000	2014 $'000
Within one year	362	482
Later than one year but not later than five years	744	1,106
	1,106	1,588

(c) Finance lease commitments

On 23 April 2013, the Group was assigned a commercial lease with 16.5 years remaining with the Gosford City Council for land and facilities as part of its Ettalong Holiday Village acquisition. The lease is for an initial three years commencing September 2012 with two renewal options of seven years each. The first option period was exercised on 1 July 2015 for seven years to June 2022.

In December 2013, the Group acquired One Mile Beach Holiday Park, accounted for as investment property. Two Crown leases are attached to the land, one for 40 years expiring on 19 September 2031 and one for perpetuity.

Refer to Note 18 for future minimum lease payments payable and the present value of minimum lease payments payable at reporting date for the finance leases at Ettalong Holiday Village and One Mile Beach Holiday Park.

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27. Contingent liabilities

There are no known contingent liabilities other than the bank guarantees totalling $28.8 million provided for under the $175.0 million bank facility (refer to Note 18).

Bank guarantees of $18.8 million primarily related to deferred acquisition consideration recognised as current and non-current payables (refer to Note 17). These guarantees will not be called by the counterparties unless the deferred consideration is not paid in accordance with the terms of the agreement.

There is a $10 million bank guarantee in favour of Ingenia Communities RE Limited issued to satisfy the Responsible Entity's AFSL capital requirements.

28. Share-based payment transactions

The Group has established rights plans, which provide for the grant of conditional rights to receive securities in the Group. The intention of these plans is to align long-term securityholder returns with the 'at-risk' compensation potentially payable to executive level employees and to reward managers who remain in employment and perform at the required levels of performance to sustain earnings growth.

These plans encompass various types of security rights, being:

- Performance Quantum rights ("PQRs") which vest on completion of a period of service, with the number of rights vesting based on the Group's performance, as measured by total securityholder returns ("TSR"). On vesting, each PQR entitles the employee to receive one security of the Group for no consideration.

- Retention Quantum Rights ("RQRs") issued as a one off grant in 2012 to ensure stability during the internalisation transition. These rights were subject to the employee remaining with the Group for a two year retention period. These rights vested on 1 July 2014 and RQRs will not be issued in the future.

- Long Term Incentive Rights ("LTIPs") which vest subject to a performance condition based on growth in the Group's TSR relative to the ASX 300 Industrials Index return over the performance period.

- Short Term Incentive Rights ("STIPs") which are awarded based on agreed performance conditions as part of the executive's short-term incentive remuneration. The value of the rights awarded is conditional based on executives meeting pre-agreed Key Performance Indicators (KPIs). Once performance against the KPIs has been assessed, the value of the STIPs to be issued is determined. These STIPs are then subject to a one year vesting deferral period from the issue date. The STIP allows for certain lapsing conditions within the deferral period, should certain conditions occur.

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28. Share-based payment transactions (continued)

Movements in rights during the year were:	**2015 Thousands**	**2014 Thousands**
PQRs & LTIPs		
Outstanding at beginning of year(1)	7,558	3,842
Granted during the year	983	3,716
Outstanding at end of year	8,541	7,558
Exercisable at end of year	-	-
Weighted average remaining contractual life of outstanding rights (years)	0.70	1.5
RQRs		
Outstanding at beginning of year(2)	1,818	1,818
Granted during the year	-	-
Outstanding at end of year	-	1,818
Exercisable at end of year	-	-
Weighted average remaining contractual life of outstanding rights (years)	-	-

(1) 3,842,000 PQRs vested on 1 July 2015 and 3,842,000 fully paid stapled securities were issued at that time.

(2) The RQRs vested on 1 July 2014 and 1,818,000 fully paid stapled securities were issued at that time.

During the year, 982,971 LTIPs were granted to senior executives of the Group. The number of LTIPs that will vest depends on the TSR achieved and is conditional on the individual being in employment of the Group on the vesting date (30 September 2017). The measurement period for these LTIPs is 1 October 2014 to 30 September 2017 and full rights vest based on TSR growth relative to growth in the ASX 300 Industrial Index. A sliding scale applies for lower TSRs with the number of rights vesting being nil for a TSR at or below 1%. One right equates to one security in the Group.

The fair value of the LTIPs issued during the year was estimated using a Monte Carlo Simulation model. Assumptions made in determining the fair value, and the results of these assumptions, are:

Grant Date	1 October 2014	12 November 2014
Price of stapled securities at grant date	$0.445	$0.455
Volatility of security price	30.0%	30.0%
Distribution yield	2.24%	2.28%
Risk-free rate at grant date	2.53%	2.56%
Expected remaining life at grant date	2.9 years	2.9 years
Fair value of each right	$0.243	$0.253

The fair value of PQRs and LTIPs is recognised as an employee benefit expense with a corresponding increase in reserves. The fair value is expensed on a straight-line basis over the vesting period. The expense recognised for the financial year was $590,928 (2014: $680,600).

The total value of STIP rights is conditional based on KMPs meeting pre-agreed Key Performance Indicators (“KPIs”) and is subject to adjustment through to 1 October 2015 once the full year audited result is known and the KPIs can be reliably measured. An estimate based on the current period performance and KMP performance against these KPIs has been recognised at 30 June 2015. However, the total number of rights to be issued will be determined by 1 October 2015. The deferred expense for STIPs recognised for the year was $86,356 (2014: nil).

29. Capital management

The Group aims to meet its strategic objectives and operational needs and to maximise returns to securityholders through the appropriate use of debt and equity, while taking account of the additional financial risks of higher debt levels.

In determining the optimal capital structure, the Group takes into account a number of factors, including the views of investors and the market in general, the capital needs of its portfolio, the relative cost of debt versus equity, the execution risk of raising equity or debt, and the additional financial risks of debt including increased volatility of earnings due to exposure to interest rate movements, the liquidity risk of maturing debt facilities and the potential for acceleration prior to maturity.

In assessing this risk, the Group takes into account the relative security of its income flows, the predictability of its expenses, its debt profile, the degree of hedging and the overall level of debt as measured by gearing.

The actual capital structure at a point in time is the product of a number of factors, many of which are market driven and to various degrees outside of the control of the Group, particularly the impact of revaluations, the availability of new equity and the liquidity in real estate markets. While the Group periodically determines the optimal capital structure, the ability to achieve the optimal structure may be impacted by market conditions and the actual position may often differ from the optimal position.

The Group primarily monitors its capital position through the Loan to Value Ratio (LVR) which is a key covenant under the Group's $175.0 million multilateral debt facility. LVR is calculated as the sum of bank debt, bank guarantees and finance leases net of cash at bank as a percentage of the value of properties pledged as security. The Group's strategy is to maintain an LVR range of 30-35%. As at 30 June 2015, LVR is 22.6% compared to 33.9% at 30 June 2014.

In addition the Group also monitors Interest Cover Ratio and Net Debt: Adjusted EBITDA as defined under the multilateral debt facility. At 30 June 2015, the Total Interest Cover Ratio was 2.96%, the Core Interest Cover Ratio was 2.68% and Net Debt: Adjusted EBITDA was 4.58.

30. Financial instruments

(a) Introduction

The Group's principal financial instruments comprise cash and short-term deposits, receivables, payables, interest bearing liabilities, other financial liabilities, and derivative financial instruments.

The main risks arising from the Group's financial instruments are interest rate risk, foreign exchange risk, credit risk and liquidity risk. The Group manages its exposure to these risks primarily through its treasury policy. The policy sets out various targets aimed at restricting the financial risk taken by the Group. Management reviews actual positions of the Group against these targets on a regular basis. If the target is not achieved, or the forecast is unlikely to be achieved, a plan of action is, where appropriate, put in place with the aim of meeting the target within an agreed timeframe. Depending on the circumstances of the Group at a point in time, it may be that positions outside of the treasury policy are accepted and no plan of action is put in place to meet the treasury targets, because, for example, the risks associated with bringing the Group into compliance outweigh the benefits. The adequacy of the treasury policy in addressing the risks arising from the Group's financial instruments is reviewed on a regular basis.

Ingenia Communities Holdings Limited
Notes to the financial statements
Year ended 30 June 2015

30. Financial instruments (continued)

(a) Introduction (continued)

While the Group aims to meet its treasury policy targets, many factors influence its performance, and it is probable that at any one time it will not meet all its targets. For example, the Group may be unable to negotiate the extension of bank facilities sufficiently ahead of time, so that it fails to achieve its liquidity target. When refinancing loans it may be unable to achieve the desired maturity profile or the desired level of flexibility of financial covenants, because of the cost of such terms or their unavailability. Hedging instruments may not be available, or their cost may outweigh the benefit of risk reduction or they may introduce other risks such as mark to market valuation risk. Changes in market conditions may limit the Group's ability to raise capital through the issue of new securities or sale of properties.

(b) Interest rate risk

The Group's exposure to the risk of changes in market interest rates arises primarily from its use of borrowings. The main consequence of adverse changes in market interest rates is higher interest costs, reducing the Group's profit. In addition, one or more of the Group's loan agreements may include minimum interest cover covenants. Higher interest costs resulting from increases in market interest rates may result in these covenants being breached, providing the lender the right to call in the loan or to increase the interest rate applied to the loan.

The Group manages the risk of changes in market interest rates by maintaining an appropriate mix of fixed and floating rate borrowings. Fixed rate debt is achieved either through fixed rate debt funding or through derivative financial instruments permitted under the treasury policy. The policy sets minimum and maximum levels of fixed rate exposure over a ten-year time horizon.

At 30 June 2015, after taking into account the effect of interest rate swaps, approximately 28% of the Group's borrowings are at a fixed rate of interest (2014: 47%).

Exposure to changes in market interest rates also arises from financial assets such as cash deposits and loan receivables subject to floating interest rate terms. Changes in market interest rates will also change the fair value of any interest rate hedges.

(c) Interest rate risk exposure

The Group's exposure to interest rate risk and the effective interest rates on financial instruments at reporting date was:

30 June 2015 **Principal amounts** **$'000**	**Floating interest rate**	**Fixed interest maturing in:** **Less than 1 year**	**1 to 5 Years**	**More than 5 years**	**Total**
Financial assets					
Cash at bank	15,117	-	-	-	**15,117**
Financial liabilities					
Bank debt denominated in AUD	63,900	-	-	-	**63,900**
Finance leases (excluding perpetual lease)	-	291	1,082	2,051	**3,424**
Interest rate swaps:					
denominated in AUD; Group pays fixed rate	(18,000)	18,000	-	-	**-**

Ingenia Communities Holdings Limited
Notes to the financial statements
Year ended 30 June 2015

30. Financial instruments (continued)

(c) Interest rate risk exposure (continued)

The Group's exposure to interest rate risk and the effective interest rates on financial instruments at the end of the previous financial year was:

30 June 2014 Principal amounts $'000	Floating interest rate	Fixed interest maturing in: Less than 1 year	1 to 5 Years	More than 5 years	Total
Financial assets					
Cash at bank	12,894	-	-	-	**12,894**
Financial liabilities					
Bank debt denominated in AUD	94,000	-	-	-	**94,000**
Finance leases (excluding perpetual lease)	-	283	1,056	2,191	**3,530**
Interest rate swaps:					
denominated in AUD; Group pays fixed rate	(45,000)	45,000	-	-	**-**

Other financial instruments of the Group not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk.

(d) Interest rate sensitivity analysis

The impact of an increase or decrease in average interest rates of 1% (100 basis points) at reporting date, with all other variables held constant, is illustrated in the tables below. This analysis is based on the interest rate risk exposures in existence at balance sheet date. As the Group has no derivatives that meet the documentation requirements to qualify for hedge accounting, there would be no impact on securityholders interest (apart from the effect on profit).

(i) **Increase in average interest rates of 1%**

The effect on net interest expense for one year would have been:

	Effect on profit after tax higher/(lower) 2015 $'000	2014 $'000
Variable interest rate instruments denominated in:		
Australian dollars	(639)	(940)

The effect on change in fair value of derivatives would have been:

	Effect on profit after tax higher/(lower) 2015 $'000	2014 $'000
Interest rate swaps denominated in:		
Australian dollars	-	417

Ingenia Communities Holdings Limited
Notes to the financial statements
Year ended 30 June 2015

30. Financial instruments (continued)

(d) Interest rate sensitivity analysis (continued)

(ii) **Decrease in average interest rates of 1%**

The effect on net interest expense for one year would have been:

	Effect on profit after tax higher/(lower)	
	2015 $'000	**2014 $'000**
Variable interest rate instruments denominated in:		
Australian dollars	639	940

The effect on change in fair value of derivatives would have been:

	Effect on profit after tax higher/(lower)	
	2015 $'000	**2014 $'000**
Interest rate swaps denominated in:		
Australian dollars	-	(297)

(e) Foreign exchange risk

The Group's exposure to foreign exchange risk is limited to foreign denominated cash balances and receivables following the divestment of its final overseas operations in December 2014. These amounts are unhedged as cash will be used to cover final costs to wind up the companies and receivables relate to escrows.

(f) Net foreign currency exposure

The Group's net foreign currency monetary exposure as at reporting date is shown in the following table. The net foreign currency exposure reported is of foreign currencies held by entities whose functional currency is the Australian dollar. It excludes assets and liabilities of entities, including equity accounted investments, whose functional currency is not the Australian dollar.

	Net foreign currency assets	
	2015 $'000	**2014 $'000**
Net foreign currency exposure:		
United States dollars	3,491	157
New Zealand dollars	473	1,657
Total net foreign currency assets	3,964	1,814

30. Financial instruments (continued)

(g) Foreign exchange sensitivity analysis

The impact of an increase or decrease in average foreign exchange rates of 10% at reporting date, with all other variables held constant, is illustrated in the tables below. This analysis is based on the foreign exchange risk exposures in existence at balance sheet date. In these tables, the effect on securityholders interest excludes the effect on profit after tax.

(i) **Effect of appreciation in Australian dollar of 10%:**

	Effect on profit after tax higher/(lower)	
	2015 $'000	**2014 $'000**
Foreign exchange risk exposures denominated in:		
United States dollars	(317)	(16)
New Zealand dollars	(43)	(166)

(ii) **Effect of depreciation in Australian dollar of 10%:**

	Effect on profit after tax higher/(lower)	
	2015 $'000	**2014 $'000**
Foreign exchange risk exposures denominated in:		
United States dollars	388	16
New Zealand dollars	53	166

The Group believes that the reporting date risk exposures are representative of the risk exposure inherent in its financial instruments.

These tables do not show the effect on equity that would occur from the translation of the financial statements of foreign operations with a change in exchange rates.

(h) Credit risk

Credit risk refers to the risk that a counterparty defaults on its contractual obligations resulting in a financial loss to the Group.

The major credit risk for the Group is default by tenants, resulting in a loss of rental income while a replacement tenant is secured and further loss if the rent level agreed with the replacement tenant is below that previously paid by the defaulting tenant.

The Group assesses the credit risk of prospective tenants, the credit risk of in-place tenants when acquiring properties and the credit risk of existing tenants renewing upon expiry of their leases. Factors taken into account when assessing credit risk include the financial strength of the prospective tenant and any form of security, for example a rental bond, to be provided.

The decision to accept the credit risk associated with leasing space to a particular tenant is balanced against the risk of the potential financial loss of not leasing up vacant space.

Rent receivable balances are monitored on an ongoing basis and arrears actively followed up in order to reduce, where possible, the extent of any losses should the tenant subsequently default.

The Group believes that its receivables that are neither past due nor impaired do not give rise to any significant credit risk.

Ingenia Communities Holdings Limited
Notes to the financial statements
Year ended 30 June 2015

30. Financial instruments (continued)

(h) Credit risk (continued)

Credit risk also arises from deposits placed with financial institutions and derivatives contracts that may have a positive value to the Group. The Group's treasury policy sets target limits for credit risk exposure with financial institutions and minimum counterparty credit ratings. Counterparty exposure is measured as the aggregate of all obligations of any single legal entity or economic entity to the Group, after allowing for appropriate set offs which are legally enforceable.

The Group's maximum exposure to credit risk at reporting date in relation to each class of financial instrument is its carrying amount as reported in the balance sheet.

(i) Liquidity risk

The main objective of liquidity risk management is to reduce the risk that the Group does not have the resources available to meet its financial obligations and working capital and committed capital expenditure requirements. The Group's treasury policy sets a target for the level of cash and available undrawn debt facilities to cover future committed capital expenditure in the next year, 75% of forecast net operating cash flow in the next year, six months estimated distributions and 5% of the value of resident loan liabilities.

The Group may also be exposed to contingent liquidity risk under its term loan facilities, where term loan facilities include covenants which if breached give the lender the right to call in the loan, thereby accelerating a cash flow which otherwise was scheduled for the loan maturity. The Group monitors adherence to loan covenants on a regular basis, and the treasury policy sets targets based on the ability to withstand adverse market movements and remain within loan covenant limits.

In addition, the Group targets the following benchmarks to ensure resilience to breaking covenants on its primary debt facilities:

- 10% reduction in value of assets for LVR covenants; and
- 2% nominal increase in interest rates combined with a 5% fall in income for ICR covenants.

The contractual maturities of the Group's non-derivative financial liabilities at reporting date are reflected in the following table. It shows the undiscounted contractual cash flows required to discharge the liabilities at market rates.

Although the expected average residency term is more than ten years, retirement village residents' loans are classified as current liabilities, as required by Accounting Standards, because the Group does not have an unconditional right to defer settlement to more than twelve months after reporting date.

2015	Less than 1 year $'000	1 to 5 Years $'000	More than 5 years $'000	Total $'000
Trade and other payables	15,073	14,770	-	**29,843**
Retirement village residents loans	161,878	-	-	**161,878**
Borrowings	2,731	68,344	-	**71,075**
Provisions	992	177	71	**1,240**
Finance leases (excluding perpetual lease)	299	1,273	3,431	**5,003**
Finance lease (perpetual lease)(1)	121	483	-	**604**
Liabilities held for sale	42,041	-	-	**42,041**
	223,135	85,047	3,502	**311,684**

Ingenia Communities Holdings Limited
Notes to the financial statements
Year ended 30 June 2015

30. Financial instruments (continued)

(i) Liquidity risk (continued)

2014	Less than 1 year $'000	1 to 5 Years $'000	More than 5 years $'000	Total $'000
Trade and other payables	10,409	4,000	-	**14,409**
Retirement village residents loans	190,122	-	-	**190,122**
Borrowings	4,521	99,653	-	**104,174**
Provisions	718	249	-	**967**
Finance leases (excluding perpetual lease)	292	1,242	3,761	**5,295**
Finance lease (perpetual lease)[1]	121	483	-	**604**
	206,183	105,627	3,761	**315,571**

[1] For purposes of the table above, the lease payments are included for five years for the perpetual lease. Refer to Note 18(c)(ii).

The contractual maturities of the Group's derivative financial liabilities at reporting date are reflected in the following table. It shows the undiscounted contractual cash flows required to discharge the instruments at market rates.

2015	Less than 1 year $'000	1 to 5 Years $'000	More than 5 years $'000	Total $'000
Liabilities				
Derivative liabilities – net settled	3	-	-	**3**
2014				
Liabilities				
Derivative liabilities – net settled	84	84	-	**168**

(j) Other financial instrument risk

The Group carries retirement village residents' loans at fair value with resulting fair value adjustments recognised in the income statement. The fair value of these loans is dependent on market prices for the related retirement village units. The impact of an increase or decrease in these market prices of 10% at reporting date, with all other variables held constant, is shown in the table below. This analysis is based on the retirement village residents' loans in existence at reporting date.

	Effect on profit after tax higher/(lower)	
	2015 $'000	**2014 $'000**
Increase in market prices of investment properties of 10%	(19,290)	(21,864)
Decrease in market prices of investment properties of 10%	19,290	21,864

These effects are largely offset by corresponding changes in the fair value of the Group's investment properties. The effect on equity would be the same as the effect on profit.

Ingenia Communities Holdings Limited
Notes to the financial statements
Year ended 30 June 2015

30. Financial instruments (continued)

(k) Fair value

The Group uses the following fair value measurement hierarchy:

Level 1: fair value is calculated using quoted prices in active markets for identical assets or liabilities;
Level 2: fair value is calculated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
Level 3: fair value is calculated using inputs for the asset or liability that are not based on observable market data.

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs.

The following table presents the Group's financial instruments that were measured and recognised at fair value at reporting date:

Financial assets/ financial liabilities	Valuation technique(s) and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Retirement village resident loans	Loans measured as the ingoing resident's contribution plus the resident's share of capital appreciation to reporting date, less DMF accrued to reporting date.	Long-term capital appreciation rates for residential property between 0-4%. Estimated length of stay of residents based on life tables.	The higher the appreciation, the higher the value of resident loans. The longer the length of stay, the lower the value of resident loans.
Deferred management fee accrued	DMF measured using the initial property price, estimated length of stay, various contract terms and projected property price at time of re-leasing.	Estimated length of stay of residents based on life tables.	The longer the length of stay, the higher the DMF accrued, capped at a predetermined period of time.
Derivative interest rate swaps	Net present value of future cash flows discounted at market rates adjusted for the Group's credit risk.	N/A	N/A

There has been no movement from Level 3 to Level 2 during the current period.

Changes in the Group's retirement village resident loans which are Level 3 instruments are presented in Note 19.

The carrying amounts of the Group's other financial instruments approximate their fair values.

Ingenia Communities Holdings Limited
Notes to the financial statements
Year ended 30 June 2015

31. Fair value measurement

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

(a) Assets measured at fair value

			Fair value measurement using		
30 June 2015	**Date of valuation**	**Total $'000**	**Quoted prices in active markets (Level 1) $'000**	**Significant observable inputs (Level 2) $'000**	**Significant unobservable inputs (Level 3) $'000**
Investment properties	30 June 2015 Refer to Note 14	**539,715**	-	-	539,715
Assets held for sale – investment property	30 June 2015 Refer to Note 10(a)	**61,598**	-	61,598	-

			Fair value measurement using		
30 June 2014	**Date of valuation**	**Total $'000**	**Quoted prices in active markets (Level 1) $'000**	**Significant observable inputs (Level 2) $'000**	**Significant unobservable inputs (Level 3) $'000**
Investment properties	30 June 2014 Refer to Note 14	**498,863**	-	-	498,863
Discontinued operations- investment property	30 June 2014 Refer to 8(d)	**45,902**	-	-	45,902
Assets held for sale – deferred management fee receivable	30 June 2014 Refer to Notes 10(a) and 19	**5,439**	-	-	5,439

(b) Liabilities measured at fair value

			Fair value measurement using		
30 June 2015	**Date of valuation**	**Total $'000**	**Quoted prices in active markets (Level 1) $'000**	**Significant observable inputs (Level 2) $'000**	**Significant unobservable inputs (Level 3) $'000**
Retirement village resident loans	30 June 2015 Refer to Note 19	**161,878**	-	-	161,878
Derivatives	30 June 2015	**3**	-	3	-
Liabilities held for sale	Refer to Note 10(b)	**42,041**	-	42,041	-

			Fair value measurement using		
30 June 2014	**Date of valuation**	**Total $'000**	**Quoted prices in active markets (Level 1) $'000**	**Significant observable inputs (Level 2) $'000**	**Significant unobservable inputs (Level 3) $'000**
Retirement village resident loans	30 June 2014 Refer to Note 19	**190,122**	-	-	190,122
Derivatives	30 June 2014	**168**	-	168	-

There have been no transfers between Level 1 and Level 2 during the year.

Ingenia Communities Holdings Limited
Notes to the financial statements
Year ended 30 June 2015

32. Auditor's remuneration

	2015 $	2014 $
Amounts received or receivable by EY for:		
Audit or review of the financial reports	469,524	333,355
Other audit related services	140,738	34,450
Non-audit related services	-	27,295
	610,261	395,100

33. Related parties

(a) Key management personnel

The aggregate compensation paid to Key Management Personnel ("KMP") of the Group is as follows:

	Note	2015 $	2014 $
Directors fees		542,000	462,500
Salaries and other short-term benefits		1,158,141	1,094,684
Short-term incentives		400,956	332,235
Superannuation benefits		58,518	59,084
Share-based payments	28	590,928	680,600
		2,750,543	2,629,103

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

The aggregate PQRs and RQRs (refer to Note 28) of the Group held directly, by KMP, are as follows:

			Number outstanding	
Issue date	Rights	Expiry date	2015	2014
2012	RQR	2014	-	1,818,000
2012	PQR	2015	3,842,000	3,842,000
2013	PQR	2016	3,716,000	3,716,000
2014	PQR	2017	982,971	-

34. Company financial information

Summary financial information about the Company is:

	2015 $'000	2014 $'000
Current assets	177	-
Total assets	5,315	7,870
Current liabilities	5,747	7,320
Total liabilities	4,014	7,320
Net assets	1,301	550
Securityholders' equity		
Issued securities	8,900	7,377
Reserves	1,334	988
Accumulated losses	(8,933)	(7,815)
Total securityholders' equity	1,301	550
Loss from continuing operations	(1,118)	(4,771)
Net loss attributable to securityholders	(1,118)	(4,771)
Total comprehensive income	(1,118)	(4,771)

The Company is a joint guarantor of the $175.0 million multi-lateral debt facility, which has been drawn to $63,900,000 at 30 June 2015 (2014: $94,000,000).

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Notes to the financial statements
Year ended 30 June 2015

35. Subsidiaries

(a) Names of subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(d):

Name	Country of residence	Ownership interest 2015 %	Ownership interest 2014 %
Bridge Street Trust	Australia	100	100
Browns Plains Road Trust	Australia	100	100
Casuarina Road Trust	Australia	100	100
Edinburgh Drive Trust	Australia	100	100
Garden Villages Management Trust	Australia	100	100
INA CC Holdings Pty Ltd	Australia	100	100
INA CC Pty Ltd	Australia	100	100
INA Community Living Lynbrook Trust	Australia	100	100
INA CC Trust	Australia	100	100
INA Community Living Subsidiary Trust	Australia	100	100
INA Community Living Subsidiary Trust No. 2	Australia	100	100
INA Garden Villages Pty Ltd	Australia	100	100
INA Kiwi Communities Pty Ltd	Australia	100	100
INA Kiwi Communities Subsidiary Trust No. 1	Australia	100	100
INA Management Pty Ltd	Australia	100	100
INA Regency Co Pty Ltd	Australia	100	100
INA Settlers Co Pty Ltd	Australia	100	100
INA Sunny Communities Pty Ltd	Australia	100	100
INA Sunny Trust	Australia	100	100
Ingenia Communities RE Limited	Australia	100	100
Jefferis Street Trust	Australia	100	100
Lovett Street Trust	Australia	100	100
ILF Regency Operations Trust	Australia	100	100
ILF Regency Subsidiary Trust	Australia	100	100
Settlers Operations Trust	Australia	100	100
Settlers Subsidiary Trust	Australia	100	100
SunnyCove Gladstone Unit Trust	Australia	100	100
SunnyCove Rockhampton Unit Trust	Australia	100	100
Ridge Estate Trust	Australia	100	100
Taylor Street (2) Trust	Australia	100	100
INA Subsidiary Trust No.1	Australia	100	100
INA Subsidiary Trust No.3	Australia	100	100
INA Operations Pty Ltd	Australia	100	100
INA Operations Trust No.1	Australia	100	100
INA Operations Trust No.2	Australia	100	100
INA Operations Trust No.3	Australia	100	100
INA Operations Trust No.4 (formerly INA Subsidiary Trust No.2)	Australia	100	100
INA Operations Trust No.6	Australia	100	-
INA Operations Trust No.7	Australia	100	-
Noyea Pty Ltd	Australia	-	100
Noyea Operations Pty Ltd	Australia	-	100
INA Operations No.2 Pty Limited	Australia	100	-

Ingenia Communities Holdings Limited
Notes to the financial statements
Year ended 30 June 2015

35. Subsidiaries (continued)

Name	Country of residence	Ownership interest 2015 %	2014 %
INA Operations No.3 Pty Limited	Australia	100	-
IGC NZ Student Holdings Ltd	New Zealand	100	100
INA NZ Subsidiary Unit Trust No 1	New Zealand	100	100
CSH Lynbrook GP LLC	United States of America	100	100
CSH Lynbrook LP	United States of America	100	100
Lynbrook Freer Street Member LLC	United States of America	100	100
Lynbrook Management, LLC	United States of America	100	100
INA Community Living LLC (formerly ING Community Living LLC)	United States of America	100	100
INA Community Living II LLC (formerly ING Community Living II LLC)	United States of America	100	100
INA US Community Living Fund LLC (formerly ING US Community Living Fund LLC)	United States of America	100	100

The Group's voting interest in its subsidiaries is the same as its ownership interest.

36. Notes to the cash flow statement

Reconciliation of profit to net cash flow from operating activities

	2015 $'000	2014 $'000
Net profit for the year	25,722	11,518
Adjustments for:		
Net foreign exchange (gain)/loss	927	(1,410)
Release of FCTR on disposal of foreign operations	(2,374)	-
Net loss on disposal of investment properties - continuing	69	-
Net loss on disposal of investment properties - discontinued	2,014	-
Disposal costs associated with overseas investments - discontinued	-	290
Gain on disposal of equity accounted investments	-	(327)
Net (gain)/loss on change in fair value of:		
Investment properties – continuing	(16,404)	341
Investment properties – discontinued	-	1,630
Derivatives	(164)	(41)
Retirement village residents' loan	8,878	616
Income tax expense/(benefit):		
Continuing	(6,604)	(7,264)
Discontinued	214	14
Share-based payments expense	678	681
Amortisation of borrowing costs	536	369
Other non-cash items	479	211
Operating profit for the year before changes in working capital	13,971	6,628
Changes in working capital:		
(Increase)/decrease in receivables	(2,599)	5,237
Increase in inventory	(11,750)	(1,923)
Increase in retirement village residents' loans	12,446	6,327
Increase/(decrease) in other payables and provisions	(3,034)	(2,029)
Net cash provided by operating activities	9,034	14,240

Ingenia Communities Holdings Limited
Notes to the financial statements
Year ended 30 June 2015

37. Subsequent events

(a) Performance Quantum Rights vesting

On 1 July 2015, 3,842,000 Performance Quantum Rights ("PQRs") granted to KMP in 2012 vested. As a result, 3,842,000 fully paid stapled securities have been issued to the following KMP:

Simon Owen	2,260,000
Tania Betts	791,000
Nicole Fisher	791,000

(b) Acquisition of Upstream Bethania

On 3 July 2015, the Group settled Upstream Bethania, the Group's second Active Lifestyle Estate in Brisbane, complementing Chambers Pines Lifestyle Resort and the Group's existing Garden Villages in the region. The acquisition price was $8.15 million (excluding transaction costs) and was funded from the proceeds of the capital raising in October 2014.

Upstream Bethania is an existing manufactured home community in Brisbane and represents a significant development opportunity that will grow the Group's existing rental stream.

(c) Execution of Hedging Contract

On 31 July 2015, the Group entered into an interest rate hedge collar for $16.0 million with an expiry date of August 2017. The execution of this hedge means 23.2% of the Group's debt is currently hedged with the intention to gradually increase the hedged exposure over the coming months.

(d) Acquisition of Big 4 Conjola Lakeside

On 13 August 2015, the Group announced it had exchanged unconditional contracts for the acquisition of Big 4 Conjola Lakeside in Lake Conjola, NSW. The acquisition price is $24.0 million (excluding transaction costs) and will be funded from the proceeds of the capital raising in October 2014.

(e) Final FY15 distribution

On 25 August 2015, the directors of the Group resolved to declare a final distribution of 0.70 cps (2014: 0.65 cps) amounting to $6,205,793 to be paid as 16 September 2015. The distribution is 71.0% tax deferred and the dividend reinvestment plan will apply to the final distribution.

INGENIA COMMUNITIES FUND
AND
INGENIA COMMUNITIES MANAGEMENT TRUST

PRELIMINARY FINAL REPORTS

YEAR ENDED 30 JUNE 2015

www.ingeniacommunities.com.au

Registered Office: Level 5, 151 Castlereagh Street, Sydney NSW 2000

Ingenia Communities Fund & Ingenia Communities Management Trust
Management Trusts Preliminary Final Reports
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Contents

The Ingenia Communities Fund (ARSN 107 459 576) and the Ingenia Communities Management Trust (ARSN 122 928 410) are Australian registered schemes. Ingenia Communities RE Limited (ACN 154 464 990; Australian Financial Services Licence number 415862), the Responsible Entity of both Trusts, is incorporated and domiciled in Australia.

Ingenia Communities Fund & Ingenia Communities Management Trust Management Trusts Preliminary Final Reports (continued) Year ended 30 June 2015

The Ingenia Communities Fund ("ICF" or the "Fund") (ARSN 107 459 576) and the Ingenia Communities Management Trust ("ICMT") (ARSN 122 928 410) (together the "Trusts") are Australian registered schemes. Ingenia Communities RE Limited (ACN 154 464 990; Australian Financial Services Licence number 415862), the Responsible Entity of the Trusts, is incorporated and domiciled in Australia.

The parent company of Ingenia Communities RE Limited ("ICRE" or "Responsible Entity") is Ingenia Communities Holdings Limited (the "Company" or "ICH"). The shares of the Company and the units of the Trusts are "stapled" and trade on the Australian Securities Exchange ("ASX") as a single security. The Company and the Trusts along with their subsidiaries are collectively referred to as the Group in this report.

The directors' report is a combined directors' report that covers both Trusts for the full year ended 30 June 2015 (the "current period").

Directors

The directors of Ingenia Communities RE Limited at any time during or since the end of the financial year were:

Non-executive directors
Jim Hazel (Chairman)
Philip Clark AM
Amanda Heyworth
Robert Morrison
Norah Barlow NZOM

Executive director
Simon Owen (Managing Director and CEO)

Principal activity

The principal activity of ICF is investment in seniors living communities in Australia. The principal activities of ICMT are the development, management and operation of seniors living communities in Australia. There was no significant change in the nature of either Trust's activities during the financial year.

Ingenia Communities Fund & Ingenia Communities Management Trust
Management Trusts Preliminary Final Reports (continued)
Year ended 30 June 2015

Operating and financial review

(a) ICF and ICMT Overview

ICF and ICMT are two of the entities forming part of the Ingenia Communities Group (the "Group") which is a triple stapled structure traded on the ASX.

The Group is an active owner, manager and developer of a diversified portfolio of retirement communities and lifestyle parks across Australia. Its real estate assets are valued at $393.0 million, being twenty lifestyle parks, thirty-one rental villages and eight deferred management fee villages. The Group is in the ASX 300 with a market capitalisation of approximately $408 million.

The Group's vision is to be a leading Australian provider of affordable long term and short term rental accommodation with a focus on the seniors demographic. The Board is committed to delivering long term earnings and security price growth to securityholders and providing a supportive community environment to both its permanent and short term residents.

(b) Strategy

The strategies of ICF and ICMT are aligned with the Group's strategy of being primarily focused on improved operational performance across its portfolio and continued acceleration of development within its lifestyle parks sector. Using a disciplined investment framework, the Group will continue to acquire further lifestyle parks through deployment of the balance of equity funds raised in October 2014 as well as capital recycling, efficient inventory management and sale of completed homes.

The Group finalised its strategic exit from the non-core New Zealand Students portfolio in December 2014 and is in the process of reducing its investment in DMF assets.

A key element to achieving growth is efficient operational and capital management. In February 2015, the Group completed a debt refinance which increased its facility limit to $175 million, expanded its lender base, created enhanced flexibility and lowered pricing to an "all in" cost of debt currently of 4.6%. As at 30 June 2015, the facility is drawn to $63.9 million, which represents a loan to value ratio ("LVR") of 22.6%, well below our target range of 30-35%. This leaves the Group well positioned to execute on further investment opportunities.

The key immediate business priorities of the Group are:

- Continue building velocity in the delivery and sale of new homes within the Active Lifestyle Estates business;
- Acquire additional lifestyle parks in existing and new market clusters;
- Grow occupancy rates within the Garden Villages portfolio towards a new medium term target of 93%;
- Grow occupancy and average room rates for short term accommodation within Active Lifestyle Estates
- Continue sell down of completed homes within the Settlers portfolio and explore opportunities to recycle capital from Settlers assets into higher cash yielding lifestyle park assets; and
- Focus on growing asset cash yields through operational efficiencies including revenue optimisation and disciplined cost management

(c) FY15 financial results

FY15 has been a year of significant investment in the Active Lifestyle Estates portfolio, with the focus on building a proven sales and development platform to deliver the forecast development pipeline returns. Management have also remained focused on increasing occupancy within the Garden Villages portfolio, selling down available stock within the Settlers portfolio and recycling capital from low yielding assets as evidenced by the divestment of three underperforming Garden Villages assets in June 2015.

Ingenia Communities Fund & Ingenia Communities Management Trust
Management Trusts Preliminary Final Reports (continued)
Year ended 30 June 2015

Operating and financial review (continued)

(c) FY15 financial results (continued)

In October 2014, the Group raised $89.1 million from an institutional placement and rights issue, which with available debt facilities provided capacity to invest approximately $120 million into the lifestyle parks sector. Over the year ICMT invested an additional $71.1 million (excluding transaction costs) into lifestyle parks acquiring a further five assets. To date, $87.0 million has been deployed into six assets with a further acquisition announced in August. Several acquisition opportunities are under exclusivity, due diligence or advanced price discovery.

Key metrics

- Net profit for the year of $34.5 million for ICF, up 124% from FY14
- Net loss from ICMT of $7.9 million (2014: $1.2 million loss)
- Full year distribution of 1.35 cent per security by ICF, nil from ICMT

These results are reflective of execution of divestment of its overseas operations and deployment of capital into the Australian market to generate strong returns for unitholders.

(d) Continuing operations

The key strategic priorities of the continuing operations are:

- Continuing the sales and settlement momentum achieved in Active Lifestyle Estates during FY15,
- Securing further development approvals for new homes within our existing lifestyle parks;
- Optimising home designs for efficiency and customer demand;
- Growing rental returns and leveraging scale efficiencies;
- Assessing expansion into greenfield lifestyle park development;
- Continuing to grow Garden Villages occupancy, increasing rents above CPI and improving cash margins;
- Completing the sale of the five Settlers assets classified as held for sale.

(e) Discontinued operations and assets held for sale

ICF and ICMT completed their exit from the New Zealand Students portfolio in December 2014.

(f) Capital management

The Group adopts a prudent and considered approach to capital management. During the year, the Group strengthened its capital position by undertaking an $89.1 million capital raising and negotiating a new $175 million Australian multilateral debt facility; an increase of $45.5 million from the previous facility.

As at 30 June 2015, the current LVR is 22.6%, which is below our target LVR of 30-35%. Once the Group deploys remaining proceeds from the capital raising and debt into further lifestyle parks, the LVR will move towards the target range.

(g) Distributions

The following distributions were made by ICF during or in respect of the year:

- On 24 February 2015, the directors declared an interim distribution of 0.65 cps (2014: 0.50 cps) amounting to $5,712,537 which was paid on 18 March 2015.

- On 25 August 2015, the directors declared a final distribution of 0.70 cps (2014: 0.65 cps) amounting to $6,205,793, to be paid on 16 September 2015.

The distribution is 71.0% tax deferred and the dividend reinvestment plan will apply to the final distribution.

The Group is committed to continuing to grow distributions in the near term.

Ingenia Communities Fund & Ingenia Communities Management Trust
Management Trusts Preliminary Final Reports (continued)
Year ended 30 June 2015

Operating and financial review (continued)

(h) Outlook

The Trusts are well positioned to continue growing their lifestyle parks business with a significant and accretive acquisition pipeline in place and significant debt capacity. Further growth in sales and settlements volumes is expected in FY16 as further projects are launched.

The Trusts will continue to regularly assess the performance of their existing assets and where appropriate recycle that capital into other opportunities delivering superior returns.

Significant changes in the state of affairs

Changes in the state of affairs during the financial year are set out in the various reports in this Preliminary Final Report. Refer to Note 7 of the accompanying financial statements for Discontinued operations, Note 9 for Assets and liabilities held for sale, Note 13 for Investment properties acquired or disposed of during the year, Note 17 for details of Australian debt refinanced and Note 22 for Issued units.

Events subsequent to reporting date

(a) Performance Quantum Rights vesting

On 1 July 2015, 3,842,000 Performance Quantum Rights ("PQRs") granted to Key Management Personnel ("KMP") in 2012 vested. As a result, 3,842,000 fully paid stapled securities have been issued to the following KMP:

Simon Owen	2,260,000
Tania Betts	791,000
Nicole Fisher	791,000

(b) Acquisition Upstream Bethania

On 3 July 2015, ICMT settled Upstream Bethania, ICMT's second Active Lifestyle Estate in Brisbane, complementing Chambers Pines Lifestyle Resort and ICMT's existing Garden Villages in the region. The acquisition price was $8.15 million (excluding transaction costs) and was funded from the proceeds of the capital raising in October 2014.

Upstream Bethania is an existing manufactured home community in Brisbane and represents a significant development opportunity that will grow ICMT's existing rental stream.

(c) Execution of Hedging Contract

On 31 July 2015, ICF entered into an interest rate hedge collar for $16.0 million with an expiry date of August 2017. The execution of this hedge means 23.2% of ICF's debt is currently hedged with the intention to gradually increase the hedged exposure over the coming months.

(d) Acquisition of Big 4 Conjola Lakeside

On 13 August 2015, ICMT announced it had exchanged unconditional contracts for the acquisition of Big 4 Conjola Lakeside in Lake Conjola, NSW. The acquisition price is $24.0 million (excluding transaction costs) and will be funded from the proceeds of the capital raising in October 2014.

(e) Final FY15 distribution

On 25 August 2015, the directors of ICF resolved to declare a final distribution of 0.70 cps (2014: 0.65 cps) amounting to $6,205,793 to be paid as 16 September 2015. The distribution is 71.0% tax deferred and the dividend reinvestment plan will apply to the final distribution.

Ingenia Communities Fund & Ingenia Communities Management Trust
Management Trusts Preliminary Final Reports (continued)
Year ended 30 June 2015

Likely developments

The Trusts will continue to pursue strategies aimed at improving cash earnings, profitability and market share within the seniors living industry during the next financial year, with a strong focus on the development and acquisition of manufactured home estates.

Other information about certain likely developments in the operations of the Trusts and the expected results of those operations in future financial years is included in the various reports in the Ingenia Communities Annual Report.

Environmental regulation

The Trusts have policies and procedures in place to ensure that, where operations are subject to any particular and significant environmental regulation under the law of Australia, those obligations are identified and appropriately addressed. The directors have determined that there has not been any material breach of those obligations during the financial year.

Indemnities

The Trusts have not indemnified, nor paid any insurance premiums for, a person who is or has been an officer of the Responsible Entity or an auditor of either Trust.

Interests of directors of the Responsible Entity

Units in each Trust held by directors of the Responsible Entity as at 30 June 2015 were:

	Number of units	Performance quantum rights	Retention quantum rights
Jim Hazel	1,669,587	-	-
Philip Clark AM	238,096	-	-
Amanda Heyworth	641,524	-	-
Robert Morrison	453,335	-	-
Norah Barlow	209,063	-	-
Simon Richard Owen	3,763,905	4,720,000	-

Other information

Fees paid to the Responsible Entity and its associates, and the number of units in each Trust held by the Responsible Entity and its associates as at the end of the financial year are set out in Note 31 in the financial report.

Rounding of amounts

The Trusts are of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in this report and in the financial report. Amounts in these reports have been rounded off in accordance with that Class Order to the nearest thousand dollars, unless otherwise stated.

Ingenia Communities Fund & Ingenia Communities Management Trust
Consolidated statements of comprehensive income
Year ended 30 June 2015

	Note	Ingenia Communities Fund		Ingenia Communities Management Trust	
		2015 $'000	2014 $'000	2015 $'000	2014 $'000
Revenue					
Rental income		9,720	9,354	44,984	31,643
Accrued deferred management fee income	18	-	-	6,788	5,333
Manufactured home sales		-	-	14,937	3,442
Catering income		-	-	3,538	3,178
Other property income		-	-	3,076	1,819
Service station sales		-	-	2,359	-
Interest income		14,564	10,339	7	16
		24,284	19,693	75,689	45,431
Property expenses		(327)	(274)	(27,372)	(20,693)
Employee expenses		-	-	(17,061)	(11,131)
Administration expenses		(506)	(582)	(2,689)	(1,983)
Operational, marketing and selling expenses		(648)	(295)	(3,150)	(2,734)
Manufactured home cost of sales		-	-	(9,256)	(2,130)
Service station expenses		-	-	(1,910)	-
Finance expense	5	(3,601)	(3,955)	(15,144)	(10,145)
Net foreign exchange gain/(loss)		107	(147)	-	-
Net gain/(loss) on disposal of investment properties		(1,689)	-	1,620	-
Net gain/(loss) on change in fair value of:					
Investment properties		15,922	1,530	482	(1,871)
Derivatives		164	41	-	-
Retirement village resident loans		-	-	(8,878)	(616)
Responsible Entity's fees and expenses	31(b)	(1,676)	(1,170)	(2,165)	(1,626)
Depreciation and amortisation expense	14,15	(117)	(100)	(259)	(67)
Profit/(loss) from continuing operations before income tax		31,913	14,741	(10,093)	(7,565)
Income tax benefit	6	-	-	6,019	6,506
Profit/(loss) from continuing operations		31,913	14,741	(4,074)	(1,059)
Profit/(loss) from discontinued operations	7	2,587	681	(3,854)	(111)
Net profit/(loss) for the year		34,500	15,422	(7,928)	(1,170)
Net profit/(loss) for the year		34,500	15,422	(7,928)	(1,170)
Other comprehensive income, net of income tax:					
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation differences arising during the year	23	1,846	(226)	(169)	495
Release of foreign currency translation reserve on disposal of foreign operations	23	(1,620)	-	-	-
Total comprehensive income for the year, net of tax		34,726	15,196	(8,097)	(675)

Ingenia Communities Fund & Ingenia Communities Management Trust
Consolidated statements of comprehensive income (continued)
Year ended 30 June 2015

	Note	Ingenia Communities Fund		Ingenia Communities Management Trust	
		2015 $'000	2014 $'000	2015 $'000	2014 $'000
Attributable to unitholders of:					
Ingenia Communities Fund		34,500	15,422	(3,461)	(111)
Ingenia Communities Management Trust		-	-	(4,467)	(1,059)
		34,500	15,422	(7,928)	(1,170)
Total comprehensive income/(loss) for the year is attributable to:					
Ingenia Communities Fund		34,726	15,196	(3,461)	335
Ingenia Communities Management Trust		-	-	(4,636)	(1,010)
		34,726	15,196	(8,097)	(675)

	Note	2015 Cents	2014 Cents	2015 Cents	2014 Cents
Distributions per unit[(1)]		1.3	1.0	-	-
Earnings per unit:					
Basic earnings from continuing operations	4	3.9	2.3	(0.5)	(0.2)
Basic earnings	4	4.2	2.4	(1.0)	(0.2)
Diluted earnings from continuing Operations	4	2.5	2.3	(0.3)	(0.2)
Diluted earnings	4	2.7	2.4	(0.6)	(2.2)

(1) Distributions relate to the amount paid during the financial year. Subsequent to the end of the year, a final distribution was declared for 0.70 cents for a total full year distribution of 1.35 cents.

Ingenia Communities Fund & Ingenia Communities Management Trust
Consolidated balance sheets
As at 30 June 2015

		Ingenia Communities Fund		Ingenia Communities Management Trust	
	Note	**2015 $'000**	**2014 $'000**	**2015 $'000**	**2014 $'000**
Current assets					
Cash and cash equivalents	10	8,966	2,658	6,094	3,893
Trade and other receivables	11	2,643	4,280	4,104	3,131
Inventories	12	-	-	13,208	2,208
Income tax receivable		16	975	16	-
Assets of discontinued operations	7(d)	-	3,874	-	47,657
Assets held for sale	9(a)	-	-	61,598	5,439
Total current assets		11,625	11,787	85,020	62,328
Non-current assets					
Trade and other receivables	11	31,401	39,334	110	40
Receivable from related party	31	185,798	135,805	-	-
Investment properties	13	153,434	134,488	386,294	364,375
Plant and equipment	14	122	239	459	180
Intangibles	15	2	-	1,577	-
Investments		3,874	-	-	-
Deferred tax asset	21	-	-	4,606	-
Total non-current assets		374,631	309,866	393,046	364,595
Total assets		386,256	321,653	478,066	426,923
Current liabilities					
Trade and other payables	16	1,200	1,210	12,785	8,480
Borrowings	17	-	-	2,817	3,461
Retirement village resident loans	18	-	-	161,878	190,122
Provisions	19	-	-	830	590
Derivatives	20	3	84	-	-
Provision for income tax		-	-	-	29
Payable to related party	31	-	-	189,635	133,249
Liabilities of discontinued operations	7(d)	-	-	-	30,449
Liabilities held for sale	9(b)	-	-	42,041	-
Total current liabilities		1,203	1,294	409,986	366,380
Non-current liabilities					
Trade and other payables	16	-	-	14,770	4,000
Borrowings	17	62,217	93,688	33,252	41,883
Provisions	19	-	-	248	249
Derivatives	20	-	84	-	-
Deferred tax liabilities	21	-	-	-	1,433
Total non-current liabilities		62,217	93,772	48,270	47,565
Total liabilities		63,420	95,066	458,256	413,945
Net assets		322,836	226,587	19,810	12,978
Equity					
Issued units	22	619,285	547,642	29,028	14,097
Reserves	23	-	(226)	-	169
Accumulated losses	24	(296,449)	(320,829)	(8,518)	(4,049)
Unitholders' interest		322,836	226,587	20,510	10,217
Non-controlling interest		-	-	(700)	2,761
Total equity		322,836	226,587	19,810	12,978
Attributable to unitholders of:					
Ingenia Communities Fund		322,836	226,587	(700)	2,761
Ingenia Communities Management Trust		-	-	20,510	10,217
		322,836	226,587	19,810	12,978

Ingenia Communities Fund & Ingenia Communities Management Trust
Consolidated cash flow statements
Year ended 30 June 2015

	Note	Ingenia Communities Fund		Ingenia Communities Management Trust	
		2015 $'000	2014 $'000	2015 $'000	2014 $'000
Cash flows from operating activities					
Rental and other property income		-	-	57,922	43,274
Payment of management fees		-	-	-	(29)
Property and other expenses		(998)	(51)	(45,256)	(30,286)
Proceeds from resident loans		-	-	19,815	22,021
Repayment of resident loans		-	-	(10,543)	(10,361)
Proceeds from manufactured home sales		-	-	15,735	3,511
Payments for manufactured homes		-	-	(19,358)	(4,035)
Purchase of service station inventory		-	-	(1,936)	-
Proceeds from sale of service station inventory		-	-	2,362	-
Distributions received from equity accounted investments		-	295	-	6
Interest received		167	205	17	12
Borrowing costs paid		(3,132)	(4,123)	(1,771)	(1,689)
Income taxes received/(paid)		800	(125)	(5)	4
	34	(3,163)	(3,799)	16,982	22,428
Cash flows from investing activities					
Purchase & additions of plant & equipment		(2)	-	(415)	(150)
Purchase & additions of intangibles		-	-	(1,364)	-
Additions to investment properties		(1,292)	(2)	(12,820)	(18,723)
Proceeds/(costs) from sale of investment properties		6,650	1,321	49,511	(120)
Payments for investment properties		-	(10,452)	(64,423)	(102,803)
Amounts received from villages		-	-	168	72
Payments for lease arrangements		-	-	-	(745)
Proceeds/(costs) of equity accounted investments		(207)	5,695	(2)	116
		5,149	(3,438)	(29,345)	(122,353)
Cash flows from financing activities					
Proceeds from the issue units		74,787	61,707	15,587	-
Payment of unit issue costs		(3,143)	(2,528)	(656)	(243)
Distributions to unitholders		(8,794)	(5,885)	(1,311)	-
Finance lease payments		-	-	(126)	(81)
(Repayment of)/proceeds from borrowings with related parties		3,147	(100,124)	(237)	108,231
Proceeds from borrowings		65,205	94,000	-	-
Repayment of borrowings		(125,197)	(68,000)	-	(2,581)
Payment of borrowing costs		-	(142)	-	(75)
Payments for debt issue costs		(1,789)	-	-	-
Payments for derivatives		-	-	(444)	-
		4,216	(20,972)	12,813	105,251
Net increase/(decrease) in cash		6,202	(28,209)	450	5,326
Cash at beginning of the year		2,658	31,014	5,550	248
Effects of exchange rate changes on cash		106	(147)	94	(24)
Cash at the end of the year	10	8,966	2,658	6,094	5,550

Ingenia Communities Fund & Ingenia Communities Management Trust
Statements of changes in unitholders' interest
Year ended 30 June 2015

		Ingenia Communities Fund					
		Attributable to unitholders				Non-controlling interest	Total equity
	Note	Issued capital	Reserves	Retained earnings	Total		
		$'000	$'000	$'000	$'000	$'000	$'000
Carrying amounts at 1 July 2013		**497,956**	**-**	**(330,334)**	**167,622**	**-**	**167,622**
Net profit for the year		-	-	15,422	15,422	-	15,422
Other comprehensive income	23	-	(226)	-	(226)	-	(226)
Total comprehensive income for the year		**-**	**(226)**	**15,422**	**15,196**	**-**	**15,196**
Transactions with unitholders in their capacity as unitholders:							
Issue of securities	22	49,686	-	-	49,686	-	49,686
Payment of distributions to securityholders	24	-	-	(5,917)	(5,917)	-	(5,917)
Carrying amounts at 30 June 2014		**547,642**	**(226)**	**(320,829)**	**226,587**	**-**	**226,587**
Net profit for the year		-	-	34,500	34,500	-	34,500
Other comprehensive income	23	-	226	-	226	-	226
Total comprehensive income for the year		**-**	**226**	**34,500**	**34,726**	**-**	**34,726**
Transactions with unitholders in their capacity as unitholders:							
Issue of securities	22	71,643	-	-	71,643	-	71,643
Payment of distributions to securityholders	24	-	-	(10,120)	(10,120)	-	(10,120)
Carrying amounts at 30 June 2015		**619,285**	**-**	**(296,449)**	**322,836**	**-**	**322,836**

Ingenia Communities Fund & Ingenia Communities Management Trust
Statements of changes in unitholders' interest (continued)
Year ended 30 June 2015

	Note	Ingenia Communities Management Trust					
		Attributable to unitholders				Non-controlling interest[1]	Total equity
		Issued capital	Reserves	Retained earnings	Total		
		$'000	$'000	$'000	$'000	$'000	$'000
Carrying amounts at 1 July 2013		**6,106**	**120**	**(2,990)**	**3,236**	**2,426**	**5,662**
Net loss for the year		-	-	(1,059)	(1,059)	(111)	(1,170)
Other comprehensive income		-	49	-	49	446	495
Total comprehensive income for the year		**-**	**49**	**(1,059)**	**(1,010)**	**335**	**(675)**
Transactions with unitholders in their capacity as unitholders:							
Issue of securities	22	7,991	-	-	7,991	-	7,991
Carrying amounts at 30 June 2014		**14,097**	**169**	**(4,049)**	**10,217**	**2,761**	**12,978**
Net loss for the year		-	-	(4,467)	(4,467)	(3,461)	(7,928)
Other comprehensive income	23	-	(169)	-	(169)	-	(169)
Total comprehensive income for the year		**-**	**(169)**	**(4,467)**	**(4,636)**	**(3,461)**	**(8,097)**
Transactions with unitholders in their capacity as unitholders:							
Issue of securities	22	14,929	-	-	14,929	-	14,929
Carrying amounts at 30 June 2015		**29,026**	**-**	**(8,516)**	**20,510**	**(700)**	**19,810**

[1] Non-controlling interest relates to the portion in which ICF owns subsidiaries consolidated within ICMT.

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Year ended 30 June 2015

1. Summary of significant accounting policies

(a) The Trusts

The Ingenia Communities Fund ("ICF" or the "Fund") (ARSN 107 459 576) and the Ingenia Communities Management Trust ("ICMT") (ARSN 122 928 410) (together the "Trusts") are Australian registered schemes. Ingenia Communities RE Limited (ACN 154 464 990; Australian Financial Services Licence number 415862), the Responsible Entity of the Trusts, is incorporated and domiciled in Australia.

The parent company of Ingenia Communities RE Limited is Ingenia Communities Holdings Limited (the "Company"). The shares of the Company and the units of the Trust are "stapled" and trade on the Australian Securities Exchange ("ASX") as a single security. The Company and the Trust along with their subsidiaries are collectively referred to as the Group in this report.

The stapling structure will cease to operate on the first to occur of:

- the Company or either of the Trusts resolving by special resolution in accordance with its constitution to terminate the stapling provisions; or
- the commencement of the winding up of the Company or either of the Trusts.

(b) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards ("AASB"), Australian Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (the "Board") and the *Corporations Act 2001*.

As permitted by Class Order 05/642, issued by the Australian Securities and Investments Commission, this financial report is a combined financial report that presents the financial statements and accompanying notes of both ICF and ICMT. The financial statements and accompanying notes of the Trusts have been presented in the attached associated financial report.

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated.

The financial report is prepared on an historical cost basis, except for investment properties, retirement village residents' loans and derivative financial instruments, which are measured at fair value.

As at 30 June 2015, ICMT recorded a net current asset deficiency of $322,440,000. This deficiency includes retirement village resident loans of $161,878,000, liabilities held for sale of $42,041,000 and payables to other entities within the Group of $189,635,000. Resident loan obligations of the Trusts are classified as current liabilities due to the demand feature of these obligations despite the unlikely possibility that the majority of the loans will be settled within the next twelve months. Furthermore, if required, the proceeds from new resident loans could be used by the Group to settle its existing loan obligations should those incumbent residents vacate their units. Intercompany loan balances are payable on demand, however ICF has undertaken not to call its loan receivable from ICMT within twelve months of the date of this report, if calling the loan would result in ICMT being unable to pay its debts as and when they are due and payable. Accordingly, there are reasonable grounds to believe that ICMT will be able to pay its debts as and when they become due and payable; and the financial report of ICMT has been prepared on a going concern basis.

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Year ended 30 June 2015

1. Summary of significant accounting policies (continued)

(c) Adoption of new and revised accounting standards

The Trusts have adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current period including AASB 2012-3 *Offsetting Financial Assets and Financial Liabilities*.

The impact of application of this Standard is as follows:

Accounting Standard	Impact on the Group
AASB 2012-3	This amendment clarifies that the right of set off must be available today and must be legally enforceable in the normal course of business as well as in the event of default, insolvency or bankruptcy. The application of this Standard did not have any impact on the Trusts as retirement village loans are already offset.

(d) Principles of consolidation

ICF's consolidated financial statements comprise the parent and its subsidiaries. ICMT's consolidated financial statements comprise ICMT and its subsidiaries. Subsidiaries are all those entities (including special purpose entities) whose financial and operating policies a trust has the power to govern, so as to obtain benefits from their activities.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies. Adjustments are made to bring into line dissimilar accounting policies. Inter-company balances and transactions including unrealised profits have been eliminated.

Subsidiaries are consolidated from the date on which the parent obtains control. They are de-consolidated from the date that control ceases.

Investments in subsidiaries are carried at cost in the parent's financial statements.

(e) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Trusts elect whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in other expenses.

When the Trusts acquire a business, they assess the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

1. Summary of significant accounting policies (continued)

(f) Discontinued operations and assets held for sale

The Trusts have classified certain components as discontinued operations. A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of such a line of business or area of operations. The results of discontinued operations are presented separately on the face of the income statement.

Components of the entity are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as investment property, which are carried at fair value.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets classified as held for sale, and the assets of a disposal group classified as held for sale are presented separately from the other assets on the face of the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities on the face of the balance sheet.

Details of discontinued operations and assets and liabilities held for sale are given at Notes 7 and 9.

(g) Distributions

A liability for any distribution declared on or before the end of the reporting period is recognised on the balance sheet in the reporting period to which the distribution pertains.

(h) Foreign currency

(i) Functional and presentation currencies

The functional currency and presentation currency of the Trusts and their subsidiaries, other than foreign subsidiaries, is the Australian dollar.

(ii) Translation of foreign currency transactions

Transactions in foreign currency are initially recorded in the functional currency at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are retranslated at the rate of exchange prevailing at the balance date. All differences in the consolidated financial report are taken to the income statement with the exception of differences on foreign currency borrowings designated as a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment at which time they are recognised in the income statement.

A non-monetary item that is measured at fair value in a foreign currency is translated using the exchange rates at the date when the fair value was determined.

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Year ended 30 June 2015

1. Summary of significant accounting policies (continued)

(h) Foreign currency (continued)

(iii) Translation of financial statements of foreign subsidiaries

The functional currency of certain subsidiaries is not the Australian dollar. At reporting date, the assets and liabilities of these entities are translated into the presentation currency of the Trusts at the rate of exchange prevailing at balance date. Financial performance is translated at the average exchange rate prevailing during the reporting period. The exchange differences arising on translation are taken directly to the foreign currency translation reserve in equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that foreign operation is recognised in the income statement.

(i) Leases

Finance leases, which transfer to the Trusts substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in the income statement.

Finance leases, which transfer away from the Trusts substantially all the risks and benefits incidental to ownership of the leased item, are recognised at the inception of the lease. A finance lease receivable is recognised on inception at the present value of the minimum lease receipts. Finance lease receipts are apportioned between the interest income and reduction in the lease receivable to achieve a constant rate of interest on the remaining balance of the receivable. Interest is recognised as income in the income statement.

Leases of properties that are classified as investment properties, are classified as finance leases under AASB 140 *Investment Properties*.

Leases where the lessor retains substantially all the risks and benefits of ownership are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the lease.

(j) Financial assets and liabilities

Current and non-current financial assets and liabilities within the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as at fair value through profit or loss; loans and receivables; held-to-maturity investments; or as available-for-sale. The Trusts determine the classification of their financial assets and liabilities at initial recognition with the classification depending on the purpose for which the asset or liability was acquired or issued. Financial assets and liabilities are initially recognised at fair value, plus directly attributable transaction costs unless their classification is at fair value through profit or loss. They are subsequently measured at fair value or amortised cost using the effective interest method. Changes in fair value of available-for-sale financial assets are recorded directly in equity. Changes in fair values of financial assets and liabilities classified as at fair value through profit or loss are recorded in the income statement.

The fair values of financial instruments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. For those with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models, making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

1. Summary of significant accounting policies (continued)

(k) Impairment of non-financial assets

Assets other than investment property and financial assets carried at fair value are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Non-financial assets excluding goodwill which have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(l) Cash and cash equivalents

Cash and cash equivalents in the balance sheet and cash flow statement comprise cash at bank and in hand and short-term deposits that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

(m) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. An allowance for impairment is made when there is objective evidence that collection of the full amount is no longer probable.

(n) Inventories

The Trusts hold inventory in relation to the acquisition and development of manufactured homes and service station fuel and supplies both within its Active Lifestyle Estates segment.

Inventories are held at the lower of cost and net realisable value.

Costs of inventories comprise all acquisition costs, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventory includes work in progress and raw materials used in the production of manufactured home units.

Net realisable value is determined on the basis of an estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

(o) Derivative financial instruments

The Trusts use derivative financial instruments such as foreign currency contracts and interest rate swaps to hedge its risks associated with foreign currency and interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date in which the derivative contract is entered into and are subsequently remeasured to fair value.

(p) Investment property

Land and buildings have the function of an investment and are regarded as composite assets. In accordance with applicable accounting standards, the buildings, including plant and equipment, are not depreciated.

Investment property includes property under construction, tourism cabins and associated amenities.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the period in which they arise, including corresponding tax effect.

1. Summary of significant accounting policies (continued)

(p) Investment property (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market for the asset or liability or in its absence, the most advantageous market. In determining the fair value of assets held for sale recent market offers have been taken into consideration.

It is the Trusts' policy to have all investment properties externally valued at intervals of not more than two years. It is the policy of the responsible trust to review the fair value of each investment property every six months and to cause investment properties to be revalued to fair values whenever their carrying value materially differs to their fair values.

Changes in the fair value of investment property are recorded in the statement of comprehensive income.

In determining fair values, the group considers relevant information including the capitalisation of rental streams using market assessed capitalisation rates, expected net cash flows discounted to their present value using market determined risk adjusted discount rates and other available market data such as recent comparable transactions. The assessment of fair value of investment properties does not take into account potential capital gains tax assessable.

(q) Intangible assets

An intangible asset arising from development expenditure related to software is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during its development. Costs capitalised include external direct costs of materials and service, and direct payroll and payroll related costs of employees' time spent on the project.

Following the initial recognition of expenditure, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when the development is complete and the asset is available for use. Amortisation is over the period of expected future benefit.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination are their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The Group's policy applied to capitalised development costs is as follows:

Software and associated development to capitalised development costs (assets in use)

- Useful life: Finite Amortisation method using 7 years on a straight line basis; and
- Impairment test: Amortisation method reviewed at each financial year end; closing carrying value reviewed annually for indicators of impairment.

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is de-recognised.

1. Summary of significant accounting policies (continued)

(r) Payables

Trade and other payables are carried at amortised cost and due to their short-term nature are not discounted. They represent liabilities for goods and services provided to the Trusts prior to the end of the financial year that are unpaid and are recognised when the Trusts become obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 60 days of recognition.

(s) Retirement village resident loans

These loans, which are non-interest bearing and repayable on the departure of the resident, are classified as financial liabilities at fair value through profit and loss with resulting fair value adjustments recognised in the income statement. The fair value of the obligation is measured as the ingoing contribution plus the resident's share of capital appreciation to reporting date. Although the expected average residency term is more than ten years, these obligations are classified as current liabilities, as required by Accounting Standards, because the Trusts do not have an unconditional right to defer settlement to more than twelve months after reporting date.

This liability is stated net of deferred management fee accrued to reporting date, because the Trusts contracts with residents require net settlement of those obligations.

Refer to Notes 28(j) and 1(z) for information regarding the valuation of retirement village resident loans.

(t) Borrowings

Borrowings are initially recorded at the fair value of the consideration received less directly attributable transaction costs associated with the borrowings. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest rate method. Under this method fees, costs, discounts and premiums that are yield related are included as part of the carrying amount of the borrowing and amortised over its expected life.

Borrowings are classified as current liabilities unless the Trusts do not have an unconditional right to defer settlement to more than twelve months after reporting date.

Borrowing costs are expensed as incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. When this is the case, they are capitalised as part of the acquisition cost of that asset.

(u) Issued units

Issued and paid up units are recognised at the fair value of the consideration received by the Trusts. Any transaction costs arising on issue of ordinary units are recognised directly in unitholders' interest as a reduction of the units proceeds received.

(v) Revenue

Revenue from rents, interest and distributions is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue brought to account but not received at balance date is recognised as a receivable.

Rental income from operating leases is recognised on a straight-line basis over the lease term. Contingent rentals are recognised as income in the financial year that they are earned. Fixed rental increases that do not represent direct compensation for underlying cost increases or capital expenditures are recognised on a straight-line basis until the next market review date. Rent paid in advance is recognised as unearned income.

Deferred management fee income is calculated as the expected fee to be earned on a resident's ingoing loan, allocated pro-rata over the resident's expected tenure, together with any share of capital appreciation that has occurred at reporting date.

1. Summary of significant accounting policies (continued)

(v) Revenue (continued)

Revenue from the sale of manufactured homes within the Active Lifestyle Estate segment is recognised when the significant risks, rewards of ownership and effective control has been transferred to the buyer.

Service station sales revenue represents the revenue earned from the provision of products to external parties. Sales revenue is only recognised when the significant risks and rewards of ownership of the products including possession are passed to the buyer.

Government incentives are recognised where there is reasonable assurance the incentive will be received and all attached conditions will be complied with. When the incentive relates to an expense item, it is recognised as income on a systematic basis over the periods that the incentive is intended to compensate.

Interest income is recognised as the interest accrues using the effective interest rate method.

(w) Provisions, including for employee benefits

(i) General

Provisions are recognised when the Trusts have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Trusts expect some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

(ii) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within twelve months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(iii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(x) Income tax

(i) Current income tax

Under the current tax legislation, the Fund is not liable to pay Australian income tax provided that its taxable income (including any assessable capital gains) is fully distributed to unitholders each year. Tax allowances for building and fixtures depreciation are distributed to unitholders in the form of the tax-deferred component of distributions.

However, ICMT and its subsidiaries are subject to Australian income tax.

1. Summary of significant accounting policies (continued)

(x) Income tax (continued)

(i) Current income tax (continued)

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from, or paid to, the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

The subsidiaries that hold the Trusts' foreign properties may be subject to corporate income tax and withholding tax in the countries in which they operate. Under current Australian income tax legislation, unitholders may be entitled to receive a foreign tax credit for this withholding tax.

(ii) Deferred income tax

Deferred income tax represents tax (including withholding tax) expected to be payable or recoverable by taxable entities on the differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised through continuing use or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at reporting date. Income taxes related to items recognised directly in equity are recognised in equity and not against income.

(y) Goods and services tax ("GST")

Revenue, expenses and assets (with the exception of receivables) are recognised net of the amount of GST to the extent that the GST is recoverable from the taxation authority. Where GST is not recoverable, it is recognised as part of the cost of the acquisition, or as an expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from or payable to the tax authority is included in the balance sheet as an asset or liability.

Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from or payable to the tax authorities, are classified as operating cash flows.

(z) Fair value measurement

The Trusts measure financial instruments, such as derivatives, and non-financial assets, such as investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 28.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Trusts.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Year ended 30 June 2015

1. Summary of significant accounting policies (continued)

(z) Fair value measurement (continued)

The Trusts use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Trusts determine whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of the reporting period.

The Trusts' Audit and Risk Committee determines the policies and procedures for both recurring fair value measurement, such as investment properties and resident loans and for non-recurring measurement.

External valuers are involved for valuation of significant assets, such as properties and significant liabilities. Selection criteria include market knowledge, experience and qualifications, reputation, independence and whether professional standards are maintained.

On a six monthly basis management presents valuation results to the Audit and Risk Committee and the Trusts' auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Trusts have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained in Note 29.

(aa) Pending Accounting Standards

AASB 9 Financial Instruments is applicable to reporting periods beginning on or after 1 January 2018. The Trusts have not early adopted this standard. This standard provides requirements for the classification, measurement and de-recognition of financial assets and financial liabilities. Changes in the Trusts' credit risk, which affect the value of liabilities designated at fair value through profit and loss, can be presented in other comprehensive income. The application of the Standard is not expected to have any material impact on the Trusts' financial reporting in future periods.

AASB 15 *Revenue from Contracts with Customers* is applicable to reporting periods beginning on or after 1 January 2018. The Trusts have not early adopted this standard. The standard is based on the principle that revenue is recognised when control of a good or service is transferred to a customer. It contains a single model that applies to contracts with customers and two approaches to recognising revenue; at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. It applies to all contracts with customers except leases, financial instruments and insurance contracts. It requires reporting entities to provide users of financial statement with more informative and relevant disclosures. The application of the Standard is not expected to have any material impact on the Trust's financial reporting in future periods.

Other new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for the current reporting period. These are not expected to have any material impact on the Trusts' financial reporting in future reporting periods.

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Year ended 30 June 2015

1. Summary of significant accounting policies (continued)

(bb) Current versus non-current classification

The Trusts present assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Trusts classify all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2. Accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires the Responsible Entity to exercise its judgement in the process of applying the Trusts' accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Trusts make estimates and assumptions concerning the future. The resulting accounting estimates, by definition, will seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Valuation of investment property

The Trusts have investment properties and assets held for sale with a combined carrying amount of $601,326,000 (2014: $504,302,000) (refer Note 9 and Note 13), and combined retirement village residents' loans and liabilities held for sale with a carrying amount of $203,919,000 (2014: $190,122,000) (refer Note 18) which together represent the estimated fair value of the Trusts interest in retirement villages.

These carrying amounts reflect certain assumptions about expected future rentals, rent-free periods, operating costs and appropriate discount and capitalisation rates. The valuation assumptions for deferred management fee villages reflect assumptions relating to average length of stay, unit market values, estimates of capital expenditure, contract terms with residents, discount rates and projected property growth rates. The valuation assumption for properties to be developed reflect assumptions around sales prices for new homes, sales rates, new rental tariffs, estimates of capital expenditure, discount rates and projected property growth rates.

2. Accounting estimates and judgements (continued)

(a) Critical accounting estimates and assumptions (continued)

(i) Valuation of investment property (continued)

In forming these assumptions, the Responsible Entity considered information about current and recent sales activity, current market rents, and discount and capitalisation rates, for properties similar to those owned by the Trusts, as well as independent valuations of the Trusts' property.

(ii) Fair value of derivatives

The fair value of derivative assets and liabilities is based on assumptions of future events and involves significant estimates. Given the complex nature of these instruments and various assumptions that are used in calculating mark-to-market values, the Trusts rely on counterparty valuations for derivative values. The counterparty valuations are usually based on mid-market rates and calculated using the main variables including the forward market curve, time and volatility.

(iii) Valuation of assets acquired in business combinations

Upon recognising the acquisition, management uses estimations and assumptions of the fair value of assets and liabilities assumed at the date of acquisition, including judgements related to valuation of investment property as discussed above.

(iv) Valuation of retirement village resident loans

The fair value of the retirement village resident loans is calculated by reference to the initial loan amount plus the resident's share of any capital gains in accordance with their contracts less any deferred management fee income accrued to date by the operator. The key assumption for calculating the capital gain and deferred management fee income components is the value of the dwelling being occupied by the resident. This value is determined by reference to the valuation of investment property as referred to above.

(v) Calculation of deferred management fee ("DMF")

Deferred management fees are recognised by the Trusts over the estimated period of time the property will be leased by the resident and the accrued DMF is realised upon exit of the resident. The accrued DMF is based on various inputs including the initial price of the property, estimated length of stay of the resident, various contract terms and projected price of property at time of re-leasing.

(b) Critical judgements in applying the entity's accounting policies

There were no judgements, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies that had a significant effect on the amounts recognised in the financial report.

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Year ended 30 June 2015

3. Segment information

(a) Description of segments

The Trusts invest predominantly in rental properties located in Australia with three reportable segments:

- Garden Villages – rental villages;
- Settlers Lifestyle – deferred management fee villages; and
- Active Lifestyle Estates – comprising long-term and short-term accommodation within lifestyle parks and sale of manufactured homes.

The Trusts have identified their operating segments based on the internal reports that are reviewed and used by the chief operating decision maker in assessing performance and in determining the allocation of resources. Other parts of the Trusts are neither operating segments nor part of an operating segment. Assets that do not belong to an operating segment are described below as "unallocated".

(b) Ingenia Communities Fund - 30 June 2015

	Active Lifestyle Estates	Settlers	Garden Villages	Corporate/ Unallocated	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
(i) **Segment revenue**					
External segment revenue	384	-	9,336	-	**9,720**
Interest income	-	-	-	14,564	**14,564**
Total revenue	**384**	**-**	**9,336**	**14,564**	**24,284**
(ii) **Segment underlying profit**					
External segment revenue	384	-	9,336	-	**9,720**
Interest income	-	-	-	14,564	**14,564**
Property expenses	-	-	(2)	(325)	**(327)**
Administration expenses	-	-	-	(506)	**(506)**
Operational, marketing and selling expenses	-	-	-	(648)	**(648)**
Finance expense	-	-	-	(3,601)	**(3,601)**
Income tax expense	-	-	-	-	**-**
Depreciation expense	-	-	-	(117)	**(117)**
Underlying profit – continuing operations	**384**	**-**	**9,334**	**9,367**	**19,085**
Reconciliation of underlying profit to profit from continuing operations:					
Net foreign exchange gain	-	-	-	107	**107**
Net gain/(loss) on disposal of investment property	-	(2,013)	324	-	**(1,689)**
Net gain/(loss) on change in fair value of:					
Investment properties	(7)	(5)	15,934	-	**15,922**
Derivatives	-	-	-	164	**164**
Responsible Entity fees	-	-	-	(1,676)	**(1,676)**
Profit from continuing operations per the consolidated statement of comprehensive income	**377**	**(2,018)**	**25,592**	**7,962**	**31,913**
(iii) **Segment assets**					
Segment assets	7,301	51,983	125,657	201,315	**386,256**

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Year ended 30 June 2015

3. Segment information (continued)

(c) Ingenia Communities Fund - 30 June 2014

	Active Lifestyle Estates	Settlers	Garden Villages	Corporate/ Unallocated	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
(i) **Segment revenue**					
External segment revenue	-	-	9,354	-	**9,354**
Interest income	-	-	-	10,339	**10,339**
Total revenue	**-**	**-**	**9,354**	**10,339**	**19,693**
(ii) **Segment underlying profit**					
External segment revenue	-	-	9,354	-	**9,354**
Interest income	-	-	-	10,339	**10,339**
Property expenses	-	-	-	(274)	**(274)**
Administration expenses	-	-	-	(582)	**(582)**
Operational, marketing and selling expenses	-	-	-	(295)	**(295)**
Finance expense	-	-	-	(3,955)	**(3,955)**
Depreciation expense	-	-	-	(100)	**(100)**
Underlying profit – continuing operations	**-**	**-**	**9,354**	**5,133**	**14,487**
Reconciliation of underlying profit to profit from continuing operations:					
Net foreign exchange gain	-	-	-	(147)	**(147)**
Net gain/(loss) on change in fair value of:					
Investment properties	(852)	-	2,382	-	**1,530**
Derivatives	-	-	-	41	**41**
Responsible Entity fees	-	-	-	(1,170)	**(1,170)**
Profit from continuing operations per the consolidated statement of comprehensive income	**(852)**	**-**	**11,736**	**3,857**	**14,741**
(iii) **Segment assets**					
Segment assets	6,904	53,992	114,286	142,597	**317,779**
Discontinued operations					3,874
Total assets					**321,653**

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Year ended 30 June 2015

3. Segment information (continued)

(d) Ingenia Communities Management Trust - 30 June 2015

	Active Lifestyle Estates	Settlers	Garden Villages	Corporate/ Unallocated	Total
	$'000	$'000	$'000	$'000	$'000
(i) **Segment revenue**					
External segment revenue	38,797	11,124	28,183	-	**78,104**
Interest income	-	-	-	7	**7**
Reclassification of gain on revaluation of newly constructed villages	-	(2,422)	-	-	**(2,422)**
Total revenue	**38,797**	**8,702**	**28,183**	**7**	**75,689**
(ii) **Segment underlying profit**					
External segment revenue	38,797	11,124	28,183	-	**78,104**
Interest income	-	-	-	7	**7**
Property expenses	(8,089)	(1,562)	(17,721)	-	**(27,372)**
Employee expenses	(6,657)	(779)	(9,599)	(26)	**(17,061)**
Administration expenses	(746)	(57)	(1,317)	(569)	**(2,689)**
Operational, marketing and selling expenses	(1,559)	(283)	(1,306)	(2)	**(3,150)**
Manufactured home cost of sales	(9,256)	-	-	-	**(9,256)**
Service station expenses	(1,910)	-	-	-	**(1,910)**
Finance expense	-	-	-	(15,144)	**(15,144)**
Income tax benefit	-	-	-	2,734	**2,734**
Depreciation and amortisation expense	(34)	-	(226)	-	**(260)**
Underlying profit/(loss) – continuing operations	**10,546**	**8,443**	**(1,986)**	**(13,000)**	**4,003**
Reconciliation of underlying profit to profit from continuing operations:					
Net gain/(loss) disposal of investment property	(23)	1,648	(5)	-	**1,620**
Net loss on change in fair value of:					
Investment properties	(2,812)	3,277	17	-	**482**
Retirement village resident loans	-	(8,878)	-	-	**(8,878)**
Loss on revaluation of newly constructed villages	-	(2,422)	-	-	**(2,422)**
Responsible Entity fees	-	-	-	(2,165)	**(2,165)**
Income tax benefit associated with reconciliation items	-	-	-	3,286	**3,286**
Profit from continuing operations per the consolidated statement of comprehensive income	**7,711**	**2,068**	**(1,974)**	**(11,879)**	**(4,074)**
(iii) **Segment assets**					
Segment assets	220,961	184,880	5,429	5,198	**416,468**
Assets held for sale					61,598
Total assets					**478,066**

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Year ended 30 June 2015

3. Segment information (continued)

(e) Ingenia Communities Management Trust - 30 June 2014

	Active Lifestyle Estates	Settlers	Garden Villages	Corporate/ Unallocated	Total
	$'000	$'000	$'000	$'000	$'000
(i) **Segment revenue**					
External segment revenue	13,589	10,576	24,570	-	**48,735**
Interest income	-	-	-	16	**16**
Reclassification of gain on revaluation of newly constructed villages	-	(3,320)	-	-	**(3,320)**
Total revenue	**13,589**	**7,256**	**24,570**	**16**	**45,431**
(ii) **Segment underlying profit**					
External segment revenue	13,589	10,576	24,570	-	**48,735**
Interest income	-	-	-	16	**16**
Property expenses	(2,570)	(1,738)	(16,385)	-	**(20,693)**
Employee expenses	(2,367)	(851)	(7,913)	-	**(11,131)**
Administration expenses	(320)	(139)	(1,080)	(444)	**(1,983)**
Operational, marketing and selling expenses	(377)	(3)	(2,354)	-	**(2,734)**
Manufactured home cost of sales	(2,130)	-	-	-	**(2,130)**
Finance expense	-	-	-	(10,145)	**(10,145)**
Income tax expense	-	-	-	2,137	**2,137**
Depreciation expense	-	(18)	(49)	-	**(67)**
Underlying profit – continuing operations	**5,825**	**7,827**	**(3,211)**	**(8,436)**	**2,005**
Reconciliation of underlying profit to profit from continuing operations:					
Net gain/(loss) on change in fair value of:					
Investment properties	(1,273)	(598)	-	-	**(1,871)**
Retirement village resident loans	-	(616)	-	-	**(616)**
Gain on revaluation of newly constructed villages	-	(3,320)	-	-	**(3,320)**
Responsible Entity fees	-	-	-	(1,626)	**(1,626)**
Income tax benefit associated with reconciliation items	-	-	-	4,369	**4,369**
Profit from continuing operations per the consolidated statement of comprehensive income	**4,552**	**3,293**	**(3,211)**	**(5,693)**	**(1,059)**
(iii) **Segment assets**					
Segment assets	122,955	249,183	1,420	269	**373,827**
Assets held for sale					5,439
Discontinued operations					47,657
Total assets					**426,923**

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Year ended 30 June 2015

4. Earnings per unit

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	2015	**2014**	**2015**	**2014**
Earnings per unit				
Profit/(loss) from continuing operations ($'000)	31,913	14,741	(4,074)	(1,059)
Profit/(loss) from discontinued operations ($'000)	2,587	681	(3,854)	(111)
Net profit/(loss) for the year ($'000)	34,500	15,422	(7,928)	(1,170)
Weighted average number of units outstanding (thousands)	821,653	646,603	821,653	646,603
Dilutive securities:				
Performance quantum rights (thousands)	470	2,310	470	2,310
Retention quantum rights (thousands)	-	1,818	-	1,818
Weighted average number of issued and dilutive potential securities outstanding (thousands)	822,123	650,731	822,123	650,731
Basic earnings per unit from continuing operations (cents) [1]	3.9	2.3	(0.5)	(0.2)
Basic earnings per unit from discontinued operations (cents) [1]	-	0.1	-	-
Basic earnings per unit (cents) [1]	4.2	2.4	(1.0)	(0.2)
Diluted earnings per unit from continuing operations (cents) [1]	2.5	2.3	(0.3)	(0.2)
Diluted earnings per unit from discontinued operations (cents) [1]	-	0.1	-	-
Diluted earnings per unit (cents) [1]	2.7	2.4	(0.6)	(0.2)

[1] The weighted average number of units on issue for FY14, prior to the rights issue in September 2013, has been adjusted in accordance with AASB 133 *Earnings per Share*.

5. Finance expense

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Interest paid or payable	3,601	3,955	15,144	10,145

6. Income tax benefit

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
(a) Income tax benefit/(expense)				
Current tax	-	-	-	83
Decrease in deferred tax liabilities	-	-	6,019	6,423
Income tax benefit/(expense)	-	-	6,019	6,506

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Year ended 30 June 2015

6. Income tax benefit (continued)

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
(b) Reconciliation between tax expense and pre-tax net profit				
Profit/(loss) before income tax	31,913	14,741	(10,093)	(7,565)
Less amounts not subject to Australian income tax	(31,913)	(14,741)	-	-
	-	-	(10,093)	(7,565)
Income tax at the Australian tax rate of 30% (2014: 30%)	-	-	3,028	2,270
ICMT tax consolidation impact	-	-	-	2,823
Tax effect of amounts which are not (deductible)/ taxable in calculating taxable income				
Prior period income tax return true-ups	-	-	173	588
Movement in carrying value and tax cost base of investment properties	-	-	1,516	1,163
Movements in carrying value and tax cost base of DMF receivables	-	-	1,683	(1,232)
Other timing differences	-	-	(131)	406
Non-recognition of Australian tax losses	-	-	-	-
Recognition of Australian tax losses			-	488
Non deductible expenses	-	-	(250)	-
Income tax benefit/(expense)	-	-	6,019	6,506

(c) Tax consolidation

Effective from 1 July 2012, ICMT and its Australian domiciled owned subsidiaries formed a tax consolidation group with the ICMT being the head entity. Under the tax funding agreement the funding of tax within the tax group is based on taxable income as if that entity was not a member of the tax group.

Upon entering into the ICMT tax consolidated group, the tax cost bases for certain assets were reset resulting in income tax benefits being recorded. In addition, unrecognised losses incurred by entities within the ICMT tax consolidated group are now available for utilisation by the ICMT tax consolidated group.

7. Discontinued operations

(a) Details of discontinued operations

The Trust's investment in its New Zealand Students business has been classified as a discontinued operation since 30 June 2011, which is consistent with the previously announced strategy to focus on transitioning to an actively managed Australian property business. The Trusts held a 100% interest in three facilities in Wellington, New Zealand that are primarily leased for 15 years to Victoria University of Wellington and Wellington Institute of Technology. The Trust completed the sale of these assets in December 2014. Funds remain in New Zealand to facilitate the final stages of exit.

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Year ended 30 June 2015

7. Discontinued operations (continued)

(b) Financial performance

The financial performance of components of the Trusts disposed of or classified as discontinued operations at each reporting date were:

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Revenue	-	-	2,182	3,211
Net loss on change in fair value of investment properties	-	-	-	(1,630)
Unrealised net foreign exchange gain/(loss)	1,184	104	(2,222)	1,453
Other income	-	-	46	-
Expenses	(5)	(5)	(710)	(1,226)
Interest expense	-	-	(799)	(1,633)
Gain on disposal of equity investments	-	320	-	7
Distributions from formerly equity accounted investments	-	268	-	5
Disposal costs associated with overseas investments	-	-	-	(290)
Profit/(loss) from operating activities before income tax	1,179	687	(1,503)	(103)
Income tax expense	(212)	(6)	(2)	(8)
Profit/(loss) from operating activities	967	681	(1,505)	(111)
Gain/(loss) on sale of discontinued operations	-	-	(2,014)	-
Release of foreign currency translation reserve on disposal of foreign operations	1,620	-	(335)	-
Profit/(loss) from discontinued operations for the year	2,587	681	(3,854)	(111)

Net profit attributable to the parent of ICF is $2,587,000 (2014: $681,000), and net loss attributable to the parent of ICMT is $385,400 (2014: $11,100).

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Year ended 30 June 2015

7. Discontinued operations (continued)

(c) Cash flows

The cash flows of components of the Trusts disposed of or classified as discontinued operations at each reporting date were:

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Net cash flow from operating activities	-	-	223	1,135
Net cash flow from investing activities:	-			
Proceeds/(payments) on sale of discontinued operations	-	-	43,966	(120)
Additions to investment properties	-	-	-	(9,081)
Payments for lease arrangements	-	-	(4)	(745)
Net cash flow from financing activities	-	-	(45,381)	11,449
Transfer to continuing operations	-	-	(461)	-
Net cash flows from discontinued operations	-	-	(1,657)	2,638

(d) Assets and liabilities

The assets and liabilities of components of the Trusts classified as disposal groups at each reporting date were:

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Assets				
Cash and cash equivalents	-	-	-	1,657
Trade and other receivables	-	-	-	98
Investment properties	-	-	-	45,902
Plant and equipment	-	-	-	-
Equity accounted investments	-	3,874	-	-
Total assets	-	3,874	-	47,657
Liabilities				
Bank overdraft	-	-	-	-
Payables	-	-	-	368
Borrowings	-	-	-	30,081
Deferred tax liabilities	-	-	-	-
Total liabilities	-	-	-	30,449
Net assets of disposal groups	-	3,874	-	17,208

(e) Capitalisation rate

The weighted average capitalisation rate of the New Zealand Students internal valuation within discontinued operations at 30 June 2014 was 8.6%.

8. Business combinations

On 18 February 2015, ICMT acquired Active Lifestyle Estates & Holiday Noosa in Tewantin, Queensland, and after considering the accounting treatment for the acquisition of this business combination, ICMT has determined the components acquired from the business combination are investment property of $13,648,000, service station inventory of $268,000 and no goodwill.

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Year ended 30 June 2015

9. Assets and liabilities held for sale

(a) Summary of carrying values

The following are the carrying values of assets held for sale:

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Deferred management fee receivable - Settlers Lifestyle (1)	-	-	-	5,439
Investment properties - Settlers Lifestyle(2)	-	-	61,598	-
	-	-	61,598	5,439

(1) This relates to Settlers Noyea which was sold in July 2014.
(2) These properties are presented as held for sale in view of the intention and expectation of management to sell these properties during the twelve months ended 30 June 2016. These properties have been reclassified from investment property to assets held for sale.

(b) Summary of carrying amounts - loans

The following is a summary of the carrying amounts of the loans associated with investment properties held for sale:

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Gross resident loans	-	-	44,271	-
Accrued deferred management fee	-	-	(2,230)	-
Net resident loans	-	-	42,041	-

10. Cash and cash equivalents

		Ingenia Communities Fund		Ingenia Communities Management Trust	
	Note	**2015 $'000**	**2014 $'000**	**2015 $'000**	**2014 $'000**
Cash at bank and in hand	28	8,966	2,658	6,094	3,893
Reconciliation to statements of cash flows					
Cash and cash equivalents attributable to:					
Continuing operations - cash at bank		8,966	2,658	6,094	3,893
Discontinued operations - cash at bank		-	-	-	1,657
Cash at end of the year as per cash flow statement		8,966	2,658	6,094	5,550

Ingenia Communities Fund & Ingenia Communities Management Trust
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11. Trade and other receivables

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Current				
Rental and other amounts due	-	866	3,772	1,648
Finance lease receivable from stapled entity	2,643	3,322	-	-
Other receivables	-	92	332	1,483
Total current trade and other receivables	2,643	4,280	4,104	3,131
Non-current				
Finance lease receivable from stapled entity	28,862	37,356	-	-
Other receivables	2,539	1,978	110	40
Total non-current trade and other receivables	31,401	39,334	110	40

Rental amounts due are typically paid in advance and other amounts due are receivable within 30 days. There are no receivables which are either past due or impaired.

ICF has leased a number of its properties to ICMT under leases that are classified as finance leases. The remaining term of each agreement varies between 92 and 115 years. There are no purchase options. Minimum payments under the agreements and their present values are:

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Minimum lease payments receivable:				
Not later than one year	2,643	3,322	-	-
Later than one year and not later than five years	10,573	13,287	-	-
Later than five years	240,091	301,540	-	-
	253,307	318,149	-	-
Unearned finance income	(221,802)	(277,471)	-	-
Net present value of minimum lease payments	31,505	40,678	-	-
Net present value of minimum lease payments receivable:				
Not later than one year	2,526	3,178	-	-
Later than one year and not later than five years	8,222	10,399	-	-
Later than five years	20,757	27,101	-	-
	31,505	40,678	-	-
Finance income recognised and included in interest income in the income statement	2,642	3,320	-	-

Information about the related finance lease payable by ICMT is given in Note 17.

Ingenia Communities Fund & Ingenia Communities Management Trust
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12. Inventories

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Current assets				
Manufactured homes	-	-	12,875	2,208
Service station fuel and supplies	-	-	333	-
Total Inventories	-	-	13,208	2,208

The manufactured homes balance represents 53 completed homes of $8.0 million (2014: nil), 44 homes under construction of $3.8 million (2014: 24 homes of $1.7 million), and 41 site buybacks of $1.1 million (2014: 20 homes of $0.5 million).

13. Investment properties

(a) Summary of carrying amounts

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Completed properties	152,142	133,101	361,984	349,517
Properties under development	1,292	1,387	24,310	14,858
Total investment properties	153,434	134,488	386,294	364,375

(b) Movements in carrying amounts

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Completed investment property				
Carrying amount at beginning of year	134,488	120,167	364,375	250,764
Acquisitions	-	10,616	78,152	108,300
Expenditure capitalised	2,149	2,175	12,207	7,551
Transferred from plant and equipment	-	-	-	320
Disposals	875	-	(7,165)	-
Sale of units – Strata title	-	-	-	(495)
Transfer to inventory	-	-	(159)	(186)
Net gain/(loss) on change in fair value(1)	15,922	1,530	482	(1,871)
Transferred to assets held for sale	-	-	(61,598)	-
Carrying amount at end of year	153,434	134,488	386,294	364,375

(1) For ICMT this includes $13,288,000 of transaction costs relating to Active Lifestyle Estates acquisitions written off during the year.

The net change in fair value is recognised in profit or loss as net gain/(loss) on change in fair value of investment properties.

Fair value hierarchy disclosures for investment properties have been provided in Note 29.

Ingenia Communities Fund & Ingenia Communities Management Trust
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13. Investment properties (continued)

(c) Description of valuation techniques used and key inputs to valuation of investment properties:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Relationship of unobservable input to fair value
Garden Villages	Capitalisation method	Stabilised occupancy	70% - 100% (92%)	As costs are fixed in nature, occupancy has a direct correlation to valuation (ie. the higher the occupancy, the greater the value).
		Capitalisation rate	9% - 12%	Capitalisation has an inverse relationship to valuation.
Settlers Lifestyle	Discounted cash flow	Current market value per unit	$125,000 - $475,000	Market value and growth in value have a direct correlation to valuation, while length of stay and discount rate have an inverse relationship to valuation.
		Long term property growth rate	4%	
		Average length of stay – future residents	11.4 years	Average length of stay projection is based on life expectancy and other factors.
		Average length of stay – current residents	15.0 - 17.6 years	Parameters exclude assets that are subject to a sale agreement.
		Discount rate	14.5% - 15.0%	Assets that are subject to a sale agreement are carried at fair value.
Active Lifestyle Estates	Capitalisation method (for existing rental streams)	Short-term occupancy	15% - 30% for powered and camp sites; 45% - 70% for tourism and short term rental	Higher the occupancy, the greater the value.
		Residential occupancy	100%	
		Operating profit margin	50% - 70% dependent upon short-term and residential accommodation mix	Higher the profit margin, the greater the value.
		Capitalisation rate	8.2% - 17.5%	Capitalisation has an inverse relationship to valuation.
	Discounted cash flow (for future development)	Discount rate	13% - 16%	Discount rate has an inverse relationship to valuation.

13. Investment properties (continued)

Capitalisation method

Under the capitalisation method, fair value is estimated using assumptions regarding the expectation of future benefits. The capitalisation method involves estimating the expected income projections of the property and applying a capitalisation rate into perpetuity. The capitalisation rate is based on current market evidence. Future income projections take into account occupancy, rental income and operating expenses.

Discounted cash flow method

Under the discounted cash flow method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield normally reflects the exit value expected to be achieved upon selling the asset and is a function of the risk adjusted returns of the asset and expected capitalisation rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment as well as the development of new units. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net underlying cash flows, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

14. Plant and equipment

	Ingenia Communities Fund		**Ingenia Communities Management Trust**	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
(a) Summary of carrying amounts				
Plant and equipment	423	423	1,169	824
Less: accumulated depreciation	(301)	(184)	(710)	(644)
Total plant and equipment	122	239	459	180
(b) Movements in carrying amount				
Carrying amount at beginning of year	239	339	180	547
Assets written off	-	-	(118)	(82)
Transferred to investment property	-	-	-	(320)
Additions	-	-	499	102
Depreciation expense	(117)	(100)	(102)	(67)
Carrying amount at end of year	122	239	459	180

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15. Intangibles

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
(a) Summary of carrying amounts				
Software & development	2	-	1,734	-
Less: accumulated amortisation	-	-	(157)	-
Total intangibles	2	-	1,577	-
(b) Movements in carrying amount				
Carrying amount at beginning of year	-			
Additions	2	-	1,734	-
Amortisation expense	-	-	(157)	-
Carrying amount at end of year	2	-	1,577	-

16. Trade and other payables

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Current liabilities				
Trade and other payables	1,200	1,210	12,785	8,480
Non-current liabilities				
Deferred acquisition consideration	-	-	14,770	4,000

17. Borrowings

		Ingenia Communities Fund		Ingenia Communities Management Trust	
	Note	**2015 $'000**	**2014 $'000**	**2015 $'000**	**2014 $'000**
Current liabilities					
Finance leases	17(c)	-	-	2,817	3,461
Non-current liabilities					
Bank debt	17(a)	63,900	94,000	-	-
Prepaid borrowing costs		(1,683)	(312)	-	-
Finance leases	17(c)	-	-	33,252	41,883
Total non-current borrowings		62,217	93,688	33,252	41,883

17. Borrowings (continued)

(a) Bank debt

On 13 February 2015, ICF refinanced its Australian dollar denominated bank debt facility to a $175.0 million multi-lateral debt facility with three Australian banks. $100 million of the facility expires on 12 February 2018 with the remainder expiring on 12 February 2020. The facility has the following principal financial covenants:

- Loan to value ratio ("LVR") is less than or equal to 50%;
- LVR (excluding Settlers) is less than or equal to 55%;
- Total interest cover ratio of at least 2x;
- Core interest cover ratio (adjusted to exclude development income and associated costs) of at least 1.50x in financial year ending 2015 increasing to at least 2.0x in FY2016;
- Net debt to adjusted EBITDA ratio not more than 6x up to 30 June 2015, 5.5x up to 31 December 2015, 5x up to 30 June 2016, 4x after 30 June 2016.

As at 30 June 2015, the facility has been drawn to $63,900,000 (2014: $94,000,000). The carrying value of investment property net of resident liabilities at reporting date for the Trusts' Australian properties pledged as security is $363,720,000 (2014: $290,375,000).

(b) Bank guarantees

ICF has the ability to utilise a portion of its $175.0 million bank facility to provide bank guarantees. Bank guarantees at 30 June 2015 were $28.8 million (2014: $4.4 million). Refer to Note 26.

(c) Finance leases

Subsidiaries of ICMT have entered into agreements with subsidiaries of ICF. The subject of each agreement is to lease a retirement village. The remaining term of each agreement varies between 91 and 114 years. There are no purchase options.

On 23 of April 2013, ICMT was assigned a commercial lease with 16.5 years remaining with the Gosford City Council for land and facilities as part of its Active Lifestyle Estates Ettalong Beach acquisition. The lease is for an initial three years commencing September 2012 with two renewal options of seven years each. The first option period was exercised on 1 July 2015 for seven years to June 2022. The below table is based on the expectation that the last lease option will be exercised.

In December 2013, ICMT acquired Active Lifestyles Estates One Mile Beach, accounted for as investment property. Two Crown leases are attached to the land, one for 40 years expiring on 19 September 2031 and one in perpetuity.

17. Borrowings (continued)

(c) Finance leases (continued)

(i) Minimum lease payments – excluding perpetual lease

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Minimum lease payments:				
Within one year	-	-	2,942	3,613
Later than one year but not later than five years	-	-	11,846	14,530
Later than five years	-	-	243,522	305,301
Total minimum lease payments	-	-	258,310	323,444
Future finance charges	-	-	(223,380)	(279,237)
Present value of minimum lease payments	-	-	34,930	44,207
Present value of minimum lease payments:				
Within one year	-	-	2,817	3,461
Later than one year but not later than five years	-	-	9,305	11,456
Later than five years	-	-	22,808	29,290
	-	-	34,930	44,207

(ii) Minimum lease payments – perpetual lease

The perpetual lease is recognised as investment property and non-current liability at a value of $1.1 million based on a capitalisation rate applicable at the time of acquisition of 10.6% applied to the current lease payment. Payments each period in relation to the lease are recognised as finance expenses in the statement of comprehensive income, therefore, there is no subsequent change to the originally determined present value of the minimum lease payments as calculated above.

As this is a perpetual lease, the lease liability will not amortise and no fair value adjustments in relation to the lease will be recognised unless circumstances of the lease change. Under the terms of the lease, lease payments will continue into perpetuity. The current annual lease payment is $121,000.

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18. Retirement village resident loans

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
(a) Summary of carrying amounts				
Gross resident loans	-	-	192,898	218,639
Accrued deferred management fee	-	-	(31,020)	(28,517)
Net resident loans	-	-	161,878	190,122
(b) Movements in carrying amounts				
Carrying amount at beginning of year	-	-	190,122	175,703
Net (gain)/loss on change in fair value of resident loans	-	-	8,878	616
Accrued deferred management fee income	-	-	(6,788)	(5,333)
Deferred management fee cash collected	-	-	2,056	1,811
Proceeds from resident loans	-	-	19,815	22,021
Repayment of resident loans	-	-	(10,544)	(10,361)
Transfer to assets and liabilities held for sale	-	-	(42,041)	5,439
Other	-	-	380	226
Carrying amount at end of year	-	-	161,878	190,122

Fair value hierarchy disclosures for retirement village resident loans have been provided in Note 29.

19. Provisions

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Current liabilities				
Employee liabilities	-	-	830	590
Non-current liabilities				
Employee liabilities	-	-	248	249

20. Derivatives

		Ingenia Communities Fund		Ingenia Communities Management Trust	
	Note	**2015 $'000**	**2014 $'000**	**2015 $'000**	**2014 $'000**
Current liabilities					
Interest rate swap contracts	28	3	84	-	-
Non-current liabilities					
Interest rate swap contracts	28	-	84	-	-

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21. Deferred tax assets and liabilities

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Deferred tax assets				
Tax losses	-	-	15,938	-
Other	-	-	1,205	-
Deferred tax liabilities				
DMF receivable	-	-	7,970	-
Investment properties	-	-	4,567	-
Net deferred tax asset	-	-	4,606	-
Deductible temporary differences and carried forward losses tax effected for which no deferred tax asset has been recognised	-	-	7,500	7,488

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Deferred tax assets				
Tax losses	-	-	-	13,269
Other	-	-	-	883
Deferred tax liabilities				
DMF receivable	-	-	-	8,176
Investment properties	-	-	-	7,409
Net deferred tax liabilities	-	-	-	1,433

The availability of carried forward tax losses of $7.5 million to the ICMT tax consolidated group is subject to recoupment rules at the time of recoupment. Further, the rate at which these losses can be utilised is determined by reference to market values at the time of tax consolidation and subsequent events. Accordingly, a portion of these carried forward tax losses may not be available in the future.

The Trusts offset tax assets and liabilities, if and only if, it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

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22. Issued units

(a) Carrying amounts

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
At beginning of year	547,642	497,956	14,097	6,106
Dividend reinvestment plan	2,374	-	464	-
Institutional placement	36,835	-	7,693	-
Rights issue	35,578	51,985	7,430	8,364
Institutional placement and rights issue costs	(3,144)	(2,299)	(656)	(373)
At end of year	619,285	547,642	29,028	14,097
The closing balance is attributable to the unitholders of:				
Ingenia Communities Fund	619,285	547,642	-	-
Ingenia Communities Management Trust	-	-	29,028	14,097
	619,285	547,642	29,028	14,097

(b) Number of issued units

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	2015 Thousands	2014 Thousands	2015 Thousands	2014 Thousands
At beginning and end of year	676,240	507,179	676,240	507,179
Retention Quantum Rights	1,818	-	1,818	-
Dividend Reinvestment Plan	6,674	-	6,674	-
Institutional Placement and Rights Issue	197,968	169,061	197,968	169,061
At end of year	882,700	676,240	882,700	676,240

(c) Terms of units

All units are fully paid and rank equally with each other for all purposes. Each unit entitles the holder to one vote, in person or by proxy, at a meeting of unitholders.

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23. Reserves

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Foreign currency translation reserve				
Balance at beginning of year	(226)	-	1,261	766
Translation differences arising during the year	1,846	(226)	(926)	495
Amounts transferred to profit and loss on disposal of foreign operations	(1,620)	-	(335)	-
Balance at end of a year	-	(226)	-	1,261
The closing balance is attributable to the unitholders of:				
Ingenia Communities Fund	-	(226)	-	1,092
Ingenia Communities Management Trust	-	-	-	169
	-	(226)	-	1,261

The foreign currency translation reserve records exchange differences arising from the translation of the financial statements of foreign subsidiaries.

24. Accumulated losses

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Balance at beginning of year	(320,829)	(330,334)	(7,474)	(6,304)
Net profit/(loss) for the year	34,500	15,422	(7,928)	(1,170)
Distributions	(10,120)	(5,917)	-	-
Balance at end of year	(296,449)	(320,829)	(15,402)	(7,474)
The closing balance is attributable to the unitholders of:				
Ingenia Communities Fund	(296,449)	(320,829)	(6,886)	(3,425)
Ingenia Communities Management Trust	-	-	(8,516)	(4,049)
	(296,449)	(320,829)	(15,402)	(7,474)

Ingenia Communities Fund & Ingenia Communities Management Trust
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25. Commitments

(a) Capital commitments

ICMT had commitments for capital expenditure on investment property and inventory contracted but not provided for at reporting date amounting to $7,048,000, (2014: $3,266,000), all payable within one year.

(b) Operating lease commitments

A subsidiary of ICMT has entered into a non-cancellable operating lease for its Brisbane office. The lease has a remaining life of five years.

Future minimum rentals payable under this lease as at reporting date were:

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Within one year	-	-	229	220
Later than one year but not later than five years	-	-	744	973
	-	-	973	1193

(c) Finance lease commitments

On 23 April 2013, a subsidiary of ICMT was assigned a commercial lease with 16.5 years remaining with the Gosford City Council for land and facilities as part of its Ettalong Holiday Village acquisition. The lease is for an initial three years commencing September 2012 with two renewal options of seven years each. The first option period was exercised on 1 July 2015 for seven years to June 2022.

In December 2013, a subsidiary of ICMT acquired One Mile Beach Holiday Park, accounted for as investment property. Two Crown leases are attached to the land, one for 40 years expiring on 19 September 2031 and one for perpetuity.

Refer to Note 17 for future minimum lease payments payable and the present value of minimum lease payments payable at reporting date for the finance leases at Ettalong Holiday Village and One Mile Beach Holiday Park.

For commitments for inter-staple related party finance leases refer to Notes 11, 17 and 28.

26. Contingencies

There are no known contingent liabilities other than the bank guarantees totalling $28.8 million provided for under ICF's $175.0 million bank facility (refer to Note 17).

Bank guarantees of $18.8 million primarily related to deferred acquisition consideration within ICMT recognised as current and non-current payables (refer to Note 16). These guarantees will not be called by the counterparty unless the payable is not paid per the terms of the agreement.

There is a $10 million bank guarantee in favour of Ingenia Communities RE Limited issued to satisfy the Responsible Entity's AFSL capital requirements.

27. Capital management

The capital management of ICF and ICMT is not managed separately, but rather, is managed at a consolidated Group level (ICH and subsidiaries).

At the Group level, the aim is to meet strategic objectives and operational needs and to maximise returns to security holders through the appropriate use of debt and equity, while taking account of the additional financial risks of higher debt levels.

In determining the optimal capital structure, the Group takes into account a number of factors, including the views of investors and the market in general, the capital needs of its portfolio, the relative cost of debt versus equity, the execution risk of raising equity or debt, and the additional financial risks of debt including increased volatility of earnings due to exposure to interest rate movements, the liquidity risk of maturing debt facilities and the potential for acceleration prior to maturity.

In assessing this risk, the Group takes into account the relative security of income flows, the predictability of expenses, debt profile, the degree of hedging and the overall level of debt as measured by gearing.

The actual capital structure at a point in time is the product of a number of factors, many of which are market driven and to various degrees outside of the control of the Group, particularly the impact of revaluations, the availability of new equity and the liquidity in real estate markets. While the Group periodically determines the optimal capital structure, the ability to achieve the optimal structure may be impacted by market conditions and the actual position may often differ from the optimal position.

The Group primarily monitors its capital position through the Loan to Value Ratio (LVR) which is a key covenant under the Group's $175m multilateral debt facility. LVR is calculated as the sum of bank debt, bank guarantees and finance leases net of cash at bank as a percentage of the value of properties pledged as security. The Group's strategy is to maintain an LVR range of 30-35%. As at 30 June 2015, LVR is 22.6% compared to 33.9% at 30 June 2014.

In addition the Group also monitors Interest Cover Ratio and Net Debt: Adjusted EBITDA as defined under the multilateral debt facility. At 30 June 2015, the Total Interest Cover Ratio was 2.96%, the Core Interest Cover Ratio was 2.68% and Net Debt: Adjusted EBITDA was 4.58.

28. Financial instruments

(a) Introduction

The Trusts' principal financial instruments comprise receivables, payables, interest bearing liabilities, other financial liabilities, cash and short-term deposits and derivative financial instruments.

The main risks arising from the Trusts' financial instruments are interest rate risk, foreign exchange risk, credit risk and liquidity risk. The Trusts manage the exposure to these risks primarily through the Treasury Policy. The policy sets out various targets aimed at restricting the financial risk taken by the Trusts. Management reviews actual positions of the Trusts against these targets on a regular basis. If the target is not achieved, or the forecast is unlikely to be achieved, a plan of action is, where appropriate, put in place with the aim of meeting the target within an agreed timeframe. Depending on the circumstances of the Trusts at a point in time, it may be that positions outside of the Treasury Policy are accepted and no plan of action is put in place to meet the treasury targets, because, for example, the risks associated with bringing the Trusts into compliance outweigh the benefits. The adequacy of the Treasury Policy in addressing the risks arising from the Trust's financial instruments is reviewed on a regular basis.

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Year ended 30 June 2015

28. Financial instruments (continued)

(a) Introduction (continued)

While the Trusts aim to meet the Treasury Policy targets, many factors influence the performance, and it is probable that at any one time, not all targets will be met. For example, the Trusts may be unable to negotiate the extension of bank facilities sufficiently ahead of time, so that they fail to achieve their liquidity target. When refinancing loans they may be unable to achieve the desired maturity profile or the desired level of flexibility of financial covenants, because of the cost of such terms or their unavailability. Hedging instruments may not be available, or their cost may outweigh the benefit of risk reduction or they may introduce other risks such as mark to market valuation risk. Changes in market conditions may limit the Trusts ability to raise capital through the issue of units or sale of properties.

The main risks arising from ICMT's financial instruments are interest rate risk, foreign exchange risk, credit risk and liquidity risk. These risks are not separately managed. Management of these risks for the ICF may result in consequential changes for ICMT.

(b) Interest rate risk

The Trusts' exposure to the risk of changes in market interest rates arises primarily from its use of borrowings. The main consequence of adverse changes in market interest rates is higher interest costs, reducing the Trust's profit. In addition, one or more of the Trust's loan agreements may include minimum interest cover covenants. Higher interest costs resulting from increases in market interest rates may result in these covenants being breached, providing the lender the right to call in the loan or to increase the interest rate applied to the loan.

The Trusts manage the risk of changes in market interest rates by maintaining an appropriate mix of fixed and floating rate borrowings. Fixed rate debt is achieved either through fixed rate debt funding or through derivative financial instruments permitted under the Treasury Policy. The policy sets minimum and maximum levels of fixed rate exposure over a ten-year time horizon.

At 30 June 2015, after taking into account the effect of interest rate swaps, approximately 28% of ICF's borrowings are at a fixed rate of interest (2014: 47%).

Exposure to changes in market interest rates also arises from financial assets such as cash deposits and loan receivables subject to floating interest rate terms. Changes in market interest rates will also change the fair value of any interest rate hedges.

(c) Interest rate risk exposure

ICF's exposure to interest rate risk and the effective interest rates on financial instruments at reporting date were:

	Ingenia Communities Fund				
	Floating	**Fixed interest maturing in:**			**Total**
30 June 2015	**interest rate**	**Less than 1 year**	**One to five Years**	**More than 5 years**	
Principal amounts $'000					
Financial assets					
Cash at bank	8,966	-	-	-	**8,966**
Financial liabilities					
Bank debt denominated in AUD	63,900	-	-	-	**63,900**
Interest rate swaps:					
denominated in AUD; Fund pays fixed rate	(18,000)	18,000	-	-	**-**

28. Financial instruments (continued)

(c) Interest rate risk exposure (continued)

30 June 2014 Principal amounts $'000	Ingenia Communities Fund Floating interest rate	Fixed interest maturing in: Less than 1 year	One to five Years	More than 5 years	Total
Financial assets					
Cash at bank	2,658	-	-	-	**2,658**
Financial liabilities					
Bank debt denominated in AUD	94,000	-	-	-	**94,000**
Interest rate swaps:					
denominated in AUD; Fund pays fixed rate	(45,000)	45,000	-	-	**-**

ICMT's exposure to interest rate risk and the effective interest rates on financial instruments at reporting date were:

30 June 2015 Principal amounts $'000	Ingenia Communities Management Trust Floating interest rate	Fixed interest maturing in: Less than 1 year	One to five Years	More than 5 years	Total
Financial assets					
Cash at bank	6,094	-	-	-	**6,094**
Financial liabilities					
Finance leases (excluding perpetual lease)	-	2,817	9,305	22,808	**34,930**

ICMT's exposure to interest rate risk and the effective interest rates on financial instruments at the end of the previous financial year were:

30 June 2014 Principal amounts $'000	Ingenia Communities Management Trust Floating interest rate	Fixed interest maturing in: Less than 1 year	One to five Years	More than 5 years	Total
Financial assets					
Cash at bank	3,893	-	-	-	**3,893**
Financial liabilities					
Finance leases (excluding perpetual lease)	-	3,461	11,456	29,290	**44,207**

Other financial instruments of the Trusts not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk.

(d) Interest rate sensitivity analysis

The impact of an increase or decrease in average interest rates of 1% (100 basis points) at reporting date, with all other variables held constant, is illustrated in the tables below. This analysis is based on the interest rate risk exposures in existence at balance sheet date. As the Trusts have no derivatives that meet the documentation requirements to qualify for hedge accounting, there would be no impact on unitholders' interest (apart from the effect on profit).

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28. Financial instruments (continued)

(d) Interest rate sensitivity analysis (continued)

(i) **Increase in average interest rates of 1%**

The effect on net interest expense for one year would have been:

	Effect on profit after tax			
	Ingenia Communities Fund		Ingenia Communities Management Trust	
	Higher/(lower)		Higher/(lower)	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Variable interest rate instruments denominated in:				
Australian dollars	(639)	(940)	-	-

The effect on change in fair value of derivatives would have been:

	Effect on profit after tax			
	Ingenia Communities Fund		Ingenia Communities Management Trust	
	Higher/(lower)		Higher/(lower)	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Interest rate swaps denominated in:				
Australian dollars	-	417	-	-

(ii) **Decrease in average interest rates of 1%**

The effect on net interest expense for one year would have been:

	Effect on profit after tax			
	Ingenia Communities Fund		Ingenia Communities Management Trust	
	Higher/(lower)		Higher/(lower)	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Variable interest rate instruments denominated in:				
Australian dollars	639	940	-	-

The effect on change in fair value of derivatives would have been:

	Effect on profit after tax			
	Ingenia Communities Fund		Ingenia Communities Management Trust	
	Higher/(lower)		Higher/(lower)	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Interest rate swaps denominated in:				
Australian dollars	-	(297)	-	-

Ingenia Communities Fund & Ingenia Communities Management Trust
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28. Financial instruments (continued)

(e) Foreign exchange risk

The Trusts' exposure to foreign exchange risk is limited to foreign denominated cash balances and receivables following the divestment of its final overseas operations in December 2014. These amounts are unhedged as cash will be used to cover final costs to wind up the companies and receivables relate to escrows.

	Net foreign currency asset/(liability)			
	Ingenia Communities Fund		Ingenia Communities Management Trust	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Net foreign currency exposure:				
United States dollars	3,491	157	-	-
New Zealand dollars	473	1,657	-	-
Total net foreign currency assets	3,964	1,814	-	-

(f) Foreign exchange sensitivity analysis

The impact of an increase or decrease in average foreign exchange rates of 10% at reporting date, with all other variables held constant, is illustrated in the tables below. This analysis is based on the foreign exchange risk exposures in existence at balance sheet date. In these tables, the effect on unitholders' interest excludes the effect on profit after tax.

(i) **Effect of appreciation in Australian dollar of 10%:**

	Effect on profit after tax			
	Ingenia Communities Fund		Ingenia Communities Management Trust	
	Higher/(lower)		Higher/(lower)	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Foreign exchange risk exposures denominated in:				
United States dollars	(317)	(16)	-	-
New Zealand dollars	(43)	(166)	-	-

(ii) **Effect of depreciation in Australian dollar of 10%:**

	Effect on profit after tax			
	Ingenia Communities Fund		Ingenia Communities Management Trust	
	Higher/(lower)		Higher/(lower)	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Foreign exchange risk exposures denominated in:				
United States dollars	388	16	-	-
New Zealand dollars	53	166	-	-

28. Financial instruments (continued)

(g) Credit risk

Credit risk refers to the risk that a counterparty defaults on its contractual obligations resulting in a financial loss to the Trusts.

The major credit risk for the Trusts is default by tenants, resulting in a loss of rental income while a replacement tenant is secured and further loss if the rent level agreed with the replacement tenant is below that previously paid by the defaulting tenant.

The Trusts assess the credit risk of prospective tenants, the credit risk of in-place tenants when acquiring properties and the credit risk of existing tenants renewing upon expiry of their leases. Factors taken into account when assessing credit risk include the financial strength of the prospective tenant and any form of security, for example a rental bond, to be provided.

The decision to accept the credit risk associated with leasing space to a particular tenant is balanced against the risk of the potential financial loss of not leasing up vacant space.

Rent receivable balances are monitored on an ongoing basis and arrears actively followed up in order to reduce, where possible, the extent of any losses should the tenant subsequently default.

The Responsible Entity believes that the Trusts' receivables that are neither past due nor impaired do not give rise to any significant credit risk.

Credit risk also arises from deposits placed with financial institutions and derivatives contracts that may have a positive value to the Trusts. The Trusts' Treasury Policy sets target limits for credit risk exposure with financial institutions and minimum counterparty credit ratings. Counterparty exposure is measured as the aggregate of all obligations of any single legal entity or economic entity to the Trusts, after allowing for appropriate set offs which are legally enforceable.

The Trust's maximum exposure to credit risk at reporting date in relation to each class of financial instrument is the carrying amount as reported in the balance sheet.

(h) Liquidity risk

The main objective of liquidity risk management is to reduce the risk that the Trusts do not have the resources available to meet their financial obligations and working capital and committed capital expenditure requirements. The Trust's Treasury Policy sets a target for the level of cash and available undrawn debt facilities to cover future committed expenditure in the next year, loan maturities within the next year and an allowance for unforeseen events such as tenant default.

The Trusts may also be exposed to contingent liquidity risk under term loan facilities, where term loan facilities include covenants which if breached give the lender the right to call in the loan, thereby accelerating a cash flow which otherwise was scheduled for the loan maturity. The Trusts monitor adherence to loan covenants on a regular basis, and the Treasury Policy sets targets based on the ability to withstand adverse market movements and remain within loan covenant limits.

The Trusts monitor the debt expiry profile and aims to achieve debt maturities below a target level of total committed debt facilities, where possible, to reduce refinance risk in any one year.

Ingenia Communities Fund & Ingenia Communities Management Trust
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28. Financial instruments (continued)

(h) Liquidity risk (continued)

The contractual maturities of the Trusts' non-derivative financial liabilities at reporting date are reflected in the following table. It shows the undiscounted contractual cash flows required to discharge the liabilities including interest at market rates. Foreign currencies have been converted at rates of exchange ruling at reporting date.

Although the expected average residency term is more than ten years, retirement village residents' loans are classified as current liabilities, as required by Accounting Standards, because the Trusts do not have an unconditional right to defer settlement to more than twelve months after reporting date.

	Ingenia Communities Fund			
	Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000	Total $'000
2015				
Trade and other payables	1,200	-	-	**1,200**
Borrowings	2,731	68,344	-	**71,075**
	3,931	68,344	-	**72,275**
2014				
Trade and other payables	1,210	-	-	**1,210**
Borrowings	4,521	99,653	-	**104,174**
	5,731	99,653	-	**105,384**

	Ingenia Communities Management Trust			
	Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000	Total[(1)] $'000
2015				
Trade and other payables	12,785	14,770	-	**27,555**
Retirement village resident loans	161,878	-	-	**161,878**
Borrowings (excluding perpetual lease)	2,942	11,846	243,522	**258,310**
Finance lease (perpetual lease)[(2)]	121	483	-	**604**
Provisions	830	177	71	**1,078**
Liabilities held for sale	42,041	-	-	**42,041**
	220,597	27,276	243,593	**491,466**
2014				
Trade and other payables	8,480	4,000	-	**12,480**
Retirement village resident loans	190,122	-	-	**190,122**
Borrowings (excluding perpetual lease)	3,613	14,530	305,301	**323,444**
Finance lease (perpetual lease)	121	483	-	**604**
Provisions	590	249	-	**839**
	202,926	19,262	305,301	**527,489**

(1) Excludes related party loans.

(2) For purposes of the table above, the lease payments are included for five years for the perpetual lease. Refer to Note 17(c)(ii).

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
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28. Financial instruments (continued)

(h) Liquidity risk (continued)

The contractual maturities of ICF's derivative financial liabilities at reporting date are reflected in the following table. It shows the undiscounted contractual cash flows required to discharge the instruments at market rates.

	Ingenia Communities Fund			
	Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000	Total $'000
2015				
Liabilities				
Derivative liabilities – net settled	3	-	-	**3**
2014				
Liabilities				
Derivative liabilities – net settled	84	84	-	**168**

ICMT did not have any derivative financial liabilities at either 30 June 2015 or 30 June 2014.

(i) Other financial instrument risk

The Trusts carry retirement village residents' loans at fair value with resulting fair value adjustments recognised in the income statement. The fair value of these loans is dependent on market prices for the related retirement village units. The impact of an increase or decrease in these market prices of 10% at reporting date, with all other variables held constant, is shown in the table below. This analysis is based on the retirement village residents' loans in existence at reporting date.

	Effect on profit after tax			
	Ingenia Communities Fund		Ingenia Communities Management Trust	
	Higher/(lower)		Higher/(lower)	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Increase in market prices of investment properties of 10%	-	-	(19,290)	(21,864)
Decrease in market prices of investment properties of 10%	-	-	19,290	21,864

However, these effects are largely offset by corresponding changes in the fair value of the Trusts' investment properties.

The effect on unitholders' interest would have been the same as the effect on profit.

(j) Fair value

The Trusts use the following fair value measurement hierarchy:

Level 1: fair value is calculated using quoted prices in active markets for identical assets or liabilities;
Level 2: fair value is calculated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
Level 3: fair value is calculated using inputs for the asset or liability that are not based on observable market data.

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28. Financial instruments (continued)

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs.

(j) Fair value (continued)

The following table presents the Trusts' financial instruments that were measured and recognised at fair value at reporting date:

Financial assets/ financial liabilities	Valuation technique(s) and key inputs	Significant Unobservable Inputs	Relationship of unobservable inputs to fair value	Sensitivity to the input to fair value
Retirement village resident loans	Loans measured as the ingoing resident's contribution plus the resident's share of capital appreciation to reporting date, less DMF accrued to reporting date	Long-term capital appreciation rates for residential property between 0% - 4%. Estimated length of stay of residents based on life tables	The higher the appreciation, the higher the value of resident loans. The longer the length of stay, the lower the value of resident loans.	The higher the appreciation, the higher the value of resident loans. The longer the length of stay, the lower the value of resident loans.
Derivative interest rate swaps	Net present value of future cash flows discounted at market rates adjusted for the Trusts' credit risk	N/A	N/A	The longer the length of stay, the higher the DMF accrued, capped at a predetermined period of time.

There has been no movement from Level 3 to Level 2 during the current period. Changes in ICMT's retirement village resident loans which are level 3 instruments are presented in Note 29.

The carrying amounts of the Trusts' other financial instruments approximate their fair values.

29. Fair value measurement

(a) Ingenia Communities Fund

The following table provides the fair value measurement hierarchy of Ingenia Communities Fund assets and liabilities:

(i) **Assets measured at fair value**

	Date of valuation	Total	Fair value measurement using		
30 June 2015			**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Investment properties	30 June 2015 Refer to Note 13(a)	**153,434**	-	-	153,434

	Date of valuation	Total	Fair value measurement using		
30 June 2014			**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Investment properties	30 June 2014 Refer to Note 13(a)	**134,488**	-	-	134,488

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29. Fair value measurement (continued)

(a) Ingenia Communities Fund (continued)

(ii) **Liabilities measured at fair value**

	Date of valuation	Total	Fair value measurement using		
30 June 2015			**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Derivatives	30 June 2015 Refer to Note 20	**3**	-	-	3

	Date of valuation	Total	Fair value measurement using		
30 June 2014			**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Derivatives	30 June 2014 Refer Note 20	**168**	-	168	-

There have been no transfers between Level 1 and Level 2 during the year.

(b) Ingenia Communities Management Trust

The following table provides the fair value measurement hierarchy of Ingenia Communities Management Trust assets and liabilities:

(i) **Assets measured at fair value**

	Date of valuation	Total	Fair value measurement using		
30 June 2015			**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Investment properties	30 June 2015 Refer to Note 13	**386,294**	-	-	386,294
Assets held for sale – investment property	30 June 2015 Refer to Note 9	**61,598**	-	61,598	-

	Date of valuation	Total	Fair value measurement using		
30 June 2014			**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Investment properties	30 June 2014 Refer to Note 13	**364,375**	-	-	364,375
Discontinued operations- investment property	30 June 2014 Refer to Note 7	**45,902**	-	-	45,902
Assets held for sale – deferred management fee receivable	30 June 2014 Refer to Notes 9(a) and 18	**5,439**	-	5,439	-

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Year ended 30 June 2015

29. Fair value measurement (continued)

(b) Ingenia Communities Management Trust (continued)

(ii) **Liabilities measured at fair value**

30 June 2015	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Retirement village resident loans	30 June 2015 Refer to Note 18	**161,878**	-	-	161,878
Liabilities held for sale	30 June 2015 Refer to Note 9(b)	**42,041**	-	42,041	-

30 June 2014	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Retirement village resident loans	30 June 2014 Refer to Note 18	**190,122**	-	-	190,122

There have been no transfers between Level 1 and Level 2 during the year.

30. Auditor's remuneration

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	2015 $	2014 $	2015 $	2014 $
Amounts received or receivable by EY for:				
Audit or review of financial reports	202,455	146,025	202,455	146,025
Other audit related services	39,514	9,350	84,514	9,350
	241,969	155,375	286,969	155,375

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
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31. Related parties

(a) Responsible Entity

The Responsible Entity for both Trusts from 4 June 2012 is Ingenia Communities RE Limited (“ICRE”). ICRE is an Australian domiciled company and is a wholly owned subsidiary of ICH.

(b) Fees of the Responsible Entity and its related parties

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	2015	**2014**	**2015**	**2014**
	$	**$**	**$**	**$**
Ingenia Communities RE Limited:				
Asset management fees	1,676,496	1,170,374	2,164,618	1,625,516

The Responsible Entity is entitled to a fee of 0.5% of total assets. In addition, it is entitled to recover certain expenses.

The amount accrued and recognised but unpaid at reporting date was:

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	2015	**2014**	**2015**	**2014**
	$	**$**	**$**	**$**
Current trade payables	2,716,671	2,340,175	5,332,190	3,167,572

These are included in current trade payables in the balance sheet.

(c) Holdings of the Responsible Entity and its related parties

There were no holdings of the Responsible Entity and its related parties (including managed investment schemes for which a related party is the Responsible Entity) as at 30 June 2015 and 30 June 2014.

(d) Other related party transactions

Subsidiaries of ICMT have entered into agreements with subsidiaries of ICF for the leases of land that retirement villages are operated on. The remaining term of each agreement varies between 91 and 114 years. There are no purchase options. Rental villages have been classified as operating leases and DMF villages have been classified as finance leases.

Intercompany loans are subject to a loan deed dated 29 June 2012 encompassing ICH, ICF and ICMT and their respective subsidiaries. The deed stipulates that on the last business day of each month intercompany balances are set off within each of the ICH, ICF and ICMT sub-groups and the balances between ICH, ICF and ICMT incur interest at 8.5%pa. Intercompany loan balances are payable on demand, however ICF has undertaken not to call its loan receivable from ICMT within twelve months of the date of this report, if calling the loan would result in ICMT being unable to pay its debts as and when they are due and payable.

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Year ended 30 June 2015

31. Related parties (continued)

(d) Other related party transactions (continued)

There are a number of other transactions and balances that occur between the Trusts, which are detailed below:

	Note	Ingenia Communities Fund 2015 $	Ingenia Communities Fund 2014 $	Ingenia Communities Management Trust 2015 $	Ingenia Communities Management Trust 2014 $
Finance lease fees received or accrued/(paid or payable) for the year between ICF and ICMT		2,698,453	3,319,833	(2,698,453)	(3,319,833)
Finance lease balance receivable/(payable) between ICF and ICMT	11	31,505,116	40,677,551	(31,505,116)	(40,677,551)
Finance lease commitments	11	253,307,008	318,149,045	(253,307,008)	(318,149,045)
Operating lease fees received or accrued/(paid or payable) for the year between ICF and ICMT		9,719,788	9,354,036	(9,719,788)	(9,354,036)
Interest on intercompany loans received or accrued/(paid or payable) between stapled entities		11,693,024	6,807,133	11,323,052	6,335,522
Intercompany loan balances between stapled entities		185,799,420	135,805,451	(189,634,511)	(133,249,024)

(e) Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of the Responsible Entity.

The names of the directors of ICRE, and their dates of appointment or resignation if they were not directors for all of the financial year, are:

Jim Hazel (Chairman)
Philip Clark AM
Amanda Heyworth
Robert Morrison
Norah Barlow
Simon Owen (Managing Director and CEO)

The names of other key management personnel, and their dates of appointment or resignation if they did not occupy their position for all of the financial year, are:

Nicole Fisher	Chief Operating Officer
Tania Betts	Chief Financial Officer

Key management personnel do not receive any remuneration directly from the Trusts. They receive remuneration from ICH in their capacity as Directors or employees of ICH. Consequently, the Trusts do not pay any compensation as defined in Accounting Standard AASB 124 *Related Parties* to its key management personnel.

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Year ended 30 June 2015

31. Related parties (continued)

(e) Key management personnel (continued)

The aggregate compensation paid to Key Management Personnel ("KMP") of the Group is as follows:

	2015 $	2014 $
Directors fees	542,000	462,500
Salaries and other short-term benefits	1,158,141	1,094,684
Short-term incentives	400,956	332,235
Superannuation benefits	58,518	59,084
Share-based payment	590,928	680,600
	2,750,543	2,629,103

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

The aggregate PQRs and RQRs of the Group held directly, by KMP, are as follows:

Issue date	Rights	Expiry date	Number outstanding	
			2015	2014
2012	RQR	2014	-	1,818,000
2012	PQR	2015	3,842,000	3,842,000
2013	PQR	2016	3,716,000	3,716,000
2014	PQR	2017	982,971	-

32. Parent financial information

Summary financial information about the parent of each Trust is:

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Current assets	126,322	134,675	(5,744)	178
Total assets	335,348	253,843	(2,908)	3,165
Current liabilities	1,171	1,379	(1,579)	8,108
Total liabilities	63,389	95,067	(5,579)	5,772
Net assets/(liabilities)	271,959	158,776	2,671	(2,607)
Unitholders' equity:				
Issued units	619,288	547,643	29,024	14,092
Accumulated losses	(347,329)	(388,867)	(26,353)	(16,699)
Total unitholders' equity	271,959	158,776	2,671	(2,607)
Profit/(loss) from continuing operations	27,700	460	(9,653)	(4,252)
Net profit/(loss) attributable to unitholders of each Trust	27,700	460	(9,653)	(4,252)
Total comprehensive income/(loss)	27,700	460	(9,653)	(4,252)

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Year ended 30 June 2015

33. Subsidiaries

(a) Names of subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(d):

Name	Country of residence	Ownership interest 2015 %	Ownership interest 2014 %
Subsidiaries of Ingenia Communities Fund			
Bridge Street Trust	Australia	100	100
Browns Plains Road Trust	Australia	100	100
Casuarina Road Trust	Australia	100	100
Edinburgh Drive Trust	Australia	100	100
INA CC Trust	Australia	100	100
INA Community Living Subsidiary Trust No. 2	Australia	100	100
INA Community Living Subsidiary Trust	Australia	100	100
INA Kiwi Communities Subsidiary Trust No. 1	Australia	100	100
INA Sunny Trust	Australia	100	100
Jefferis Street Trust	Australia	100	100
Lovett Street Trust	Australia	100	100
ILF Regency Subsidiary Trust	Australia	100	100
Settlers Subsidiary Trust	Australia	100	100
SunnyCove Gladstone Unit Trust	Australia	100	100
SunnyCove Rockhampton Unit Trust	Australia	100	100
Taylor Street (2) Trust	Australia	100	100
INA Subsidiary Trust No.1	Australia	100	100
INA Operations Trust No.4 (formerly INA Subsidiary Trust No. 2)[(1)]	Australia	-	100
Noyea Pty Ltd	Australia	-	100
INA Community Living LLC (formerly ING Community Living LLC)	United States of America	100	100
INA US Community Living Fund LLC (formerly ING US Community Living Fund LLC)	United States of America	100	100
Subsidiaries of Ingenia Communities Management Trust			
Garden Villages Management Trust	Australia	100	100
INA Community Living Lynbrook Trust	Australia	100	100
ILF Regency Operations Trust	Australia	100	100
Settlers Operations Trust	Australia	100	100
INA Operations Trust No.1	Australia	100	100
INA Operations Trust No.2	Australia	100	100
INA Operations Trust No.3	Australia	100	100
INA Operations Trust No.4 (formerly INA Subsidiary Trust No. 2)[(2)]	Australia	100	-
INA Operations Trust No.6	Australia	100	-
INA Operations Trust No.7	Australia	100	-
Noyea Operations Pty Ltd	Australia	100	100
Ridge Estate Trust	Australia	100	100
INA Subsidiary Trust No.3	Australia	100	100
INA NZ Subsidiary Unit Trust No. 1	New Zealand	100	100
CSH Lynbrook GP LLC	United States of America	100	100
CSH Lynbrook LP	United States of America	100	100

Ingenia Communities Fund & Ingenia Communities Management Trust
Notes to the financial statements
Year ended 30 June 2015

33. Subsidiaries (continued)

(a) Names of subsidiaries (continued)

Name	Country of residence	Ownership interest 2015 %	Ownership interest 2014 %
Subsidiaries of Ingenia Communities Management Trust			
INA Community Living II (formerly ING Community Living II)	United States of America	100	100
Lynbrook Freer Street Member LLC	United States of America	100	100
Lynbrook Management, LLC	United States of America	100	100

(1) The units were transferred from Ingenia Communities Fund to the Ingenia Communities Management Trust during the year ended 30 June 2015.

(2) The units were transferred from Ingenia Communities Management Trust to Ingenia Communities Fund during the year ended 30 June 2014.

The Trusts' voting interest in all other subsidiaries is the same as the ownership interest.

34. Notes to the cash flow statements

(a) Reconciliation of profit to net cash flows from operations

	Ingenia Communities Fund		Ingenia Communities Management Trust	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Net profit for the year	34,500	15,422	(7,928)	(1,170)
Adjustments for:				
Net foreign exchange (gain)/loss	(1,291)	42	2,222	(1,453)
Release of foreign currency translation reserve on disposal of foreign operations	(1,620)	-	338	-
Net (gain)/loss on disposal of equity accounted investment	-	-	-	-
Net loss on disposal of investment properties	1,689	320	377	-
Net (gain)/loss on change in fair value of:			-	
Investment properties - continuing	(15,922)	(1,530)	(482)	1,871
Investment properties - discontinued		-	-	1,630
Derivatives	(164)	(41)	-	-
Retirement village resident loans		-	8,878	616
Disposal costs associated with overseas investments		-	-	290
Income tax expense/(benefit)	212	6	(6,017)	(6,498)
Depreciation and amortisation expense	117	101	260	67
Amortisation of borrowing costs	322	369	-	-
Operating profit/(loss) for the year before changes in working capital	17,843	14,689	(2,352)	(4,647)
Changes in working capital:				
(Increase)/decrease in receivables	5,133	(18,310)	(2,677)	20,710
(Increase)/decrease in other assets	-	-	(11,749)	(1,923)
Increase in retirement village resident loans	-	-	12,326	6,327
Increase/(decrease) in other payables and provisions	(26,139)	(178)	21,435	1,961
Net cash provided by operating activities	(3,163)	(3,799)	16,982	22,428

35. Subsequent events

(a) Performance Quantum Rights vesting

On 1 July 2015, 3,842,000 Performance Quantum Rights ("PQRs") granted to KMP in 2012 vested. As a result, 3,842,000 fully paid stapled securities have been issued to the following KMP:

Simon Owen	2,260,000
Tania Betts	791,000
Nicole Fisher	791,000

(b) Acquisition of Upstream Bethania

On 3 July 2015, ICMT settled Upstream Bethania, ICMT's second Active Lifestyle Estate in Brisbane, complementing Chambers Pines Lifestyle Resort and ICMT's existing Garden Villages in the region. The acquisition price was $8.15 million (excluding transaction costs) and was funded from the proceeds of the capital raising in October 2014.

Upstream Bethania is an existing manufactured home community in Brisbane and represents a significant development opportunity that will grow ICMT's existing rental stream.

(c) Execution of Hedging Contract

On 31 July 2015, ICF entered into an interest rate hedge collar for $16.0 million with an expiry date of August 2017. The execution of this hedge means 23.2% of ICF's debt is currently hedged with the intention to gradually increase the hedged exposure over the coming months.

(d) Acquisition of Big 4 Conjola Lakeside

On 13 August 2015, ICMT announced it had exchanged unconditional contracts for the acquisition of Big 4 Conjola Lakeside in Lake Conjola, NSW. The acquisition price is $24.0 million (excluding transaction costs) and will be funded from the proceeds of the capital raising in October 2014.

(e) Final FY15 distribution

On 25 August 2015, the directors of ICF resolved to declare a final distribution of 0.70 cps (2014: 0.65 cps) amounting to $6,205,793 to be paid as 16 September 2015. The distribution is 71.0% tax deferred and the dividend reinvestment plan will apply to the final distribution.